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**THE RED LIGHT ON THE  
RAILWAYS**



# The Red Light on the Railways

By The Rt. Hon.  
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TO  
THAT GALLANT BAND OF RAILWAYMEN  
OF ALL GRADES  
TO WHOSE CONFIDENCE AND HELP I OWE ALL



# CONTENTS

CHAPTER	PAGE
FOREWORD . . . . .	1
1. WASTE . . . . .	9
2. THE NEED OF UNITY . . . . .	22
3. STANDARDIZATION . . . . .	29
4. COTTON-WOOL . . . . .	40
5. THE NATIONAL RAILWAY . . . . .	58
6. OBJECTIONS . . . . .	89
7. EXPERIENCE . . . . .	109
8. THE COMING FIGHT . . . . .	182
APPENDIX . . . . .	138





## FOREWORD

STARTING from the accepted fact that the entire commercial prosperity of our land depends, to a very remarkable degree, upon real efficiency and cheapness in transport, I want in this small volume to point out that the drawbacks in our system of railways are the causes behind the increasing tendency towards losing the premier commercial position that we, as a nation, held before the War.

I maintain that the present system is wasteful to an alarming extent. Those who have any knowledge of railway management will not venture to dispute this statement, or to deny that a great deal can be done to give cheaper transport, both for passengers and for goods.

It is an opinion loosely held by the casual thinker that the workers on the railways have as their main objects in life the obtaining of better wages and shorter hours. The Labour movement generally has always been up against this sort of loose thinking on the part of great

## Foreword

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numbers of people who are convinced, by their own lack of consideration, that the workers of the country—and the railwaymen stand as a very good example of the rest—are out for their own advantage whatever it may cost anyone else.

Labour has its dreams which leave these localized minds so far in the background that it is like the climber coming back from the height he has reached to help the struggling amateur among the rocks and the lower parts to readjust his focus, and to explain to him, uninitiated as he is, the simple truths and general lines of achievement which Labour long ago formulated for itself and for which it has struggled through so many years.

In this book I want to show that the method of conducting our railways has been the method of the amateurs down in the lower parts.

I would like to make the general reader understand that there is nothing selfish, nothing that is outside simple justice (so far as the railwaymen are concerned) in the claims for reorganization; but that, on the contrary, there is a genuine and very general desire to give to the State a transport service that shall be one

## Foreword

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of the great assets in the leap forward to a firm prosperity in the post-war period.

I, of course, believe that the railways should be put in the entire charge of the State, that the people, the members of the State, should own them, that they should not be run alone for the building up of profits, that they should not necessarily, indeed, be run for profit at all, but that they should be run for the convenience of the community.

How far this elementary ideal has been forgotten or ignored I shall show when dealing with the undertaking that the Government gave to the railways that the various companies should not only be indemnified against that loss which so many ordinary commercial undertakings experienced because of the War, but that they should be guaranteed a pre-war profit. If the railways are run by private individuals for individual profit, why should they be picked out and put into financial cotton-wool so that the catastrophe which swept over the world in 1914-18 should not bruise or harm them?

Moreover, the companies, under these agreements, were to have the railways returned to them with all stocks and equipment as on the

## Foreword

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1913 level. Now, the year 1913 was the best year the companies had ever experienced. They had never been in a better position. Remember, too, that prices then were remarkably low—too low, for labour should have been better rewarded in those days. (Had it been so, much of the present unrest and suspicion would never have been created.) Thus, to renew these stocks, depleted through the War at this end of the conflict, represents an expenditure two and a half or three times as much as the original outlay in 1913.

What is going to happen in the immediate future? Are the lines to be handed back with a “Thank you very much. Here’s your property, and here’s a cheque for what you would have made in profit had there been no war. Here—hold out your other hand—is all your property intact. All your stores are up to pre-war level. And, by the way, here too is another cheque to compensate you for those repairs and renewals you might have carried out had we not taken over in order to win the War.” Are we to see this done, and go back to the old conditions?

The companies are working for that, and

## Foreword

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expecting it. It is in the bond. Then we shall have the present rates becoming the permanent rates in order to build up dividends. Who can be assured that we shall stop, indeed, at the present fares and freights? These charges are statutory, but the railways have big interests where influence can be brought to change statutes.

Decontrol is threatened, but surely at the least the Government should retain some authority over the lines! They are so important to our industrial life. It seems self-evident in my eyes that now is the time of all times for the State to take them over entirely.

Transport rates are high. They need not be so high. And to those casual thinkers who think increases have been entirely due to "those wicked railway workers" demanding such exorbitant wages, let me answer that these wage increases are but an infinitesimal part of the cause for the high charges for travelling and the conveyance of goods. It is the duplication and the wastefulness—surely peculiar to the railways of this country—which have occasioned the expensive travel and the expensive freights of to-day.

## Foreword

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The great need of to-day is to reform the railways, and in the following chapters I want to point out how that may be done; how, from the mistakes of the past and the experience that has been gained during recent years, we may improve the railways so that they may become one of the big factors in reconstructing prosperity out of the present uncertainty, and not be compelled to surrender—as there is a slight danger of them doing to-day—to the competition of the roads.

Even a casual acquaintance with the history of commerce in this country compels acceptance of the fact that cheap coal and cheap traffic are at the root of Britain's supremacy in the world's commerce—a supremacy which we are in danger of losing; and, speaking from the point of view of the railways, I see no reason why we should not return in a very large measure, and in a very short time, to a cheaper and more efficient system.

It would appear that in many chapters of this book I am making a personal attack on railway managers and officials. It is, therefore, necessary for me to say that, although there was a long and, in many respects, bitter struggle to

## Foreword

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obtain recognition of the Union—in the fight for the principle of collective bargaining—I gladly place on record the fact that there is probably no industry where the personal relations between both sides are more friendly than in the railway service.

I personally know practically all the general managers, and I have no hesitation in saying that they are gentlemen, not only of ability, but of character and courage. In their dealings both with us and the Government they have very naturally had regard to the trust imposed on them as exclusively representatives of the shareholders, and have directed their efforts from that point of view.

If the railways came under public control, the same skill and ability with which they now defend the interests of shareholders would equally be given in the service of the State.

I am attacking a principle, and no individual, and it is in the light of that statement that I wish my book read.

I also observe that at the present time the final fate of the railways is not determined. Even the geographical districts which were originally set out are in the process of altera-



## Foreword

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tion. There is also a very serious opposition to the scheme of Labour sharing in management.

I feel it necessary to make mention of these facts so that there may be no discussion of personalities, but only of principles.

# THE RED LIGHT ON THE RAILWAYS

## CHAPTER I

### WASTE

THERE are to-day three big essentials which we, as a nation, need. Let me set them out clearly at the commencement :

1. Greater production.
2. Cheaper commodities and transport.
3. The good will of the workers.

They are all most intimately bound up together, each one dependent upon the other, and if we, as a people, are going to reconstruct our affairs so that prosperity and cheaper living are ever ours again, we must attack these three problems and elucidate them, not in the atmosphere of strife, but in the spirit of conciliation.

In reality they are not three problems—they are one ; and even though in the scope of the matter I wish to discuss in this book the

## The Red Light on the Railways

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question of greater production does not legitimately fall, yet it is at the back of everything, and unless it is achieved all the other matters have lesser importance. If there were no production, transport would cease to matter, and therefore transport matters the more in proportion to the increase of production.

For cheap transport is essential to cheap commodities. That is a truism. Cheap transport means bigger business; therefore, more legitimate competition. It eliminates shortages and ensures the free flow of life's essentials, which guarantees that prices, sooner or later—despite all the profiteers—will find their normal level, not necessarily the level of the pre-war period, but the reasonable economic grade which we all may expect to be able to afford.

Lest it be thought that I am prepared to look at this business from only one point of view, let me admit at the outset that I am well aware of the difficult economic position we have been placed in as a result of the War. Looking upon the country as a single unit—apart, for the moment, from the inequalities of distribution of wealth and possessions—we are, most of us, expecting to be better off relatively than we

## Waste

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were before the War. Well, as a mere matter of figures, it can't be done. We cannot ever be so well off even until the Eastern markets resume their normal functions and we and they deal extensively. The position to-day is that we have goods to sell that America does not want, and they have goods we cannot pay for. The old happy method of paying for goods with goods is disturbed. Prices suddenly slump, large manufacturers find themselves left with stocks suddenly reduced in value by thousands of pounds. The result is curtailment of output, the closing down of factories—unemployment, with its companion spectre, starvation.

One hopes that these problems can be met. They must be met and beaten, or we shall get upheaval. But however readily we may recognize these things, it does not lessen the fact that we are throwing away millions a year on the manner we are running our railways. We can at least tackle this obstacle here and now, and by ridding the system of its endless waste do something to relieve this one branch of charge upon industry and progress.

In the matter of transport there are endless avenues of exploration, endless possibilities of

## The Red Light on the Railways

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improvement. Our railway system to-day is the most extravagant in the world. I do not say that lightly, and later on will give figures to prove that, so far as the civilized Western countries are concerned, it costs us more to move a ton of goods one mile than it does the railways of any other land.

The casual thinker—or shall we call him the thoughtless?—when he considers the activities of the workers, especially in the political sphere of life, only becomes cognizant of their existence when some upheaval like a general strike is threatened. But I confidently put in a claim for the organized workers on the railways that they, seeing this waste and extravagance in management, the lack of efficiency in service, have a very genuine wish to serve the community as a whole by reformation. To the workers the only way out of the morass is Nationalization, and in putting forward a plea for this change we wish to serve the public, because we, ourselves, do not anticipate getting any more out of the State for ourselves than we could, if we wished, force out of the unwilling hands of the private owners.

## Waste

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The unrest which runs like an undertow beneath the surface is the direct result of the knowledge that the railways and their workers are really exploited for private profit, whereas the men feel that whatever may result from running the railways, either in efficiency or in profit, should go to the community as a whole. It is with this idea in mind that we realize the drawbacks of the system that runs to-day.

Take, as a slight instance, the freight charges for goods traffic. Do you know that the present list of rates for various goods was drawn up fully thirty years ago, and yet remains to-day, as it was then, the standard? Think of the number of articles carried on our railways to-day which were hardly in existence then! And yet there has been no revision since that time! Of course there have been amendments—in fact, the list to-day is composed more of amendments than anything else. That is why the majority of goods are being carried not under the ordinary class rates, but according to what are called exceptional rates, which are lower than the class rates. Fully 75 per cent. of the goods fall under this heading. These rates are really specially arranged charges for carrying a certain

## The Red Light on the Railways

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commodity between two stations (sometimes for specific quantities), and in drawing them up a number of different considerations have been taken into account, such as quantities, risk of loss or damage, and regularity of supply.

It is easy to understand that, as the result of all this, a most complex system of varying rates has grown up, and it is no exaggeration to say that there are millions of different rates on the various companies' lines. Of course, out of such a riot you will get innumerable anomalies, and all this means a terrific amount of office work which need never be undertaken if a proper schedule were adopted suitable to the needs of the moment.

Should a comprehensive table be drawn up applicable to all systems there is no question at all that staffs could be very largely reduced. It might seem curious that I should suggest the reduction of staffs, but if we aim to achieve economies we must unify the system from top to toe. We must stop duplication, which is by no means to be confounded with healthy business competition. Competition might bring out the best of a man or a system, but duplication is mere redundancy. With the railways' guaran-

## Waste

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tee of their pre-war dividends, of course there is no incentive to economy—there is no effort to suit the public interest. Nothing is anyone's business. The profits are assured, and officials can afford to ignore public criticism.

Throughout the railway-working in this country there is wasteful overlapping. There are sixteen big railway companies in Great Britain and hundreds of smaller ones. Now, remember that each one of these companies has a separate general manager, a separate locomotive engineer, a separate permanent way manager, a separate head for every department, a separate set of directors, separate solicitors, auditors, etc. All these officials have to be paid. The Ministry of Transport, under its recent powers, has sought to curtail some of this wasteful form of management by collecting all the railway systems into seven huge companies. I suppose there never was any more forcible argument in favour of Nationalization than this one which Sir Eric Geddes considered necessary. He could see the great waste which was going on by—shall we say?—three companies running trains from London to Scotland. Before the War there were three night trains



## The Red Light on the Railways

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from London to Scotland starting within half an hour of each other, and the three of them only partly occupied. That is just a slight indication of the sort of overlapping that has been going on for years on the railways. So the Minister of Transport has grouped various overlapping interests and divided all the railways into seven companies.\* But, if it has been worth while bringing down all the different interests to seven, why—to carry the argument to its logical conclusion—should they not be brought down to one? In other words, why should they not all be put under one control—that is, the State's?

To take another point: look at the huge waste of money in the London termini. Sitting in my office in Euston Road I can almost see four huge terminal stations—the London and North Western, at Euston; Great Western, a little bit up the road, at Paddington; a little way down the road, the Midland and the Great Northern, at St. Pancras and King's Cross. Only a little farther off, after all, are the Great Central, at Marylebone; the Great Eastern, at Liverpool Street. Now, at these

\* See Appendix.

## Waste

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huge stations the land over which the lines travel coming into London must be worth hundreds of millions. You know the price of land in London. You know the value of such sites as these. You know the enormous acreage which these broad rail thoroughfares must occupy. What I want to point out is that, instead of four or five or six huge terminal stations, say, in the north of London—and the south of London is in an exactly similar position—one or two would be fully adequate.

The value of the unused land—if only half the terminal stations in London were given up—would run to staggering figures; and this is only typical of the colossal, thoughtless waste which is evidenced in almost every branch of our railway enterprise.

The question of convenience in this regard is no small one. Travellers coming into Paddington and having to go from King's Cross have a trying journey to take by Underground or bus, hampered by luggage very often. Even where two lines have adjacent stations it would seem that no effort has been spared to make things as difficult as possible for the traveller. To get from the Brighton to the South Eastern

## The Red Light on the Railways

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station at Victoria one has to go by a circuitous route, when it might have been so simple. If the railways were properly linked, to change from the Welsh train to one for Muswell Hill would merely be passing from one platform to another, and communication between platforms in a big station, such as Waterloo, for instance, would, of course, be greatly improved by means of moving platforms.

In the same way, with only one or two big termini in the south as well as the north, it would be a simple matter to have exclusive and constant underground services joining all the four stations, both for passengers and for goods. All the laborious and costly crossing of London by passengers, all the expensive cartage of goods, would be wiped out. And in many big provincial towns the same convenience could be arranged. Take Birmingham. You arrive by the London and North Western or the Midland, and if you wish to go on by the Great Western you have to traverse half the city, from New Street to Snow Hill. No effort is made to link these stations, even by a regular road conveyance. Each passenger must look out for himself.

Wolverhampton has an upper and lower

## Waste

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level station when there need only be one. And this list of broken links might be duplicated endlessly all over the country.

We know very well that our system of railways has been of spasmodic construction. It has grown up in the same haphazard way that most of our towns have been built. But one day we shall have town-planning thoroughly undertaken, and one day we shall have to take these scattered railways and make them into one complete system. The present muddle is the monument to failure of private enterprise, and on the face of that monument is engraved the word "Waste."

What might not be saved in the small matter of collection and delivery by road? Go along the big business thoroughfares in London. You will see cards in office windows: "Great Northern to call," "Midland to call," "North Western to call." All the vans stop and pick up the goods and cart them to the stations. More likely than not each van has only a postal load. If all the companies were one there would not be this overlapping and each van would be filled.

The Ministry of Transport has touched the

## The Red Light on the Railways

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fringes of the problem of waste since its construction. It has, for instance, inaugurated a regular collection and publication of statistics showing what is the load the average wagon conveys on this and that railway. These figures are of great value. They ought to, and I believe do, form a stimulus between the companies, because some do so much better than others. The North Eastern, for instance, has an average wagon-load of  $6\frac{1}{4}$  tons, the Great Western is only  $5\frac{3}{4}$  tons, and the Great Northern and Midland are roughly the same. All these companies ought to show practically identical results, but the North Eastern has gone farther than the other companies in the use of large-capacity wagons.

Then, if we take the tonnage with the distance and time, we find for the first half of 1920 that the Great Eastern, Great Northern, and Midland all did more than 500 ton miles per engine hour, but the Great Central did not do 400. The Brighton and the South Eastern lines were under 300, while the Lancashire and Yorkshire and the North Staffordshire were respectively 242 and 253. These results are taken from the statistics most recently available at the

## Waste

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moment of writing, and it must be obvious to anyone who studies them that such tremendous differences in what one company can do as against another prove that a great deal of vital and much-needed service to the State is going to seed somewhere. Enormous economies can be effected and a great speeding up also should not be difficult.

Even with the railways grouped as they are proposed to be under the Ministry of Transport, the country ought to save millions of pounds per year on the expenditure on railways. But if the whole system were to come under State control—and by control I do not mean that sort of mere overlooking that existed during the War, which, as we shall presently see, in no way realized the possibilities of national ownership—economies and improvements might with wisdom be so great that we should hear no more of the cost of Labour ruining railways.

## CHAPTER II

### THE NEED OF UNITY

WE owe our railways to private enterprise, but the full development of them we shall enjoy only under State ownership. Before we can reconstruct the system it is necessary to examine many other drawbacks to the rule by private ownership. So far I have only touched upon one or two, and those by no means the worst.

In investigating the evils as they exist we turn inevitably to the goods traffic. The passenger service has never really paid, and does not pay to-day, even with the recent increases in fares. The profits that are made on the railways are made by the conveyance of goods, and if greater efficiency and better results are to be obtained it is in connexion with goods traffic we must use our inspirations for betterment.

This is where the red light of danger shines most clearly. I claim that things as they now are put up the signal against industrial progress in this country. That signal must be got down

## The Need of Unity

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somehow—and we of the Labour Party think that only the nation itself can be the signalman to pull the right lever.

Consider first the question of the actual wagon which carries the goods. The premier incongruity here is that these wagons are not all owned by the railway companies themselves; 734,000 belong to the railways, but private owners have 628,000 in Great Britain, which means that practically every other wagon run on our railways is privately owned.

Now, the trouble with these privately-owned wagons is that they are only half used. They are returned empty to their owners. They cannot be used for any other purpose. The colossal waste of time and energy that lie behind this one fact can hardly be computed.

In 1913 the mileage run empty was over 30,000,000, and of this vast total 21,000,000 was “goods.” Think of it. All the engine power, the wear and tear of gear and permanent way, the hours of time gone—all for nothing.

Lord Devonport, when he gave evidence at the Docks Inquiry, blamed the shortage of trucks for the congestion on the railways that was then particularly bad. One could build



## The Red Light on the Railways

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trucks at the rate of thousands a week, but that would not improve things. It would make them worse! It is those miles of trucks standing in sidings and those long trains of trucks that clatter along the lines with nothing in them that provide most of the trouble. We have in the country roughly 15,000 miles of goods sidings. Get a truck somewhere among this maze, and how are you going to get it out again—to link it, say, on to a train that is going to Grimsby or Newcastle or Cannock Chase?

Even before the War, when this matter was not so pressing, it was calculated that a railway truck occupied 94 per cent. of its existence in standing still or fidgeting up and down the sidings to let other trucks roll out. Have you ever gone by train through Peterborough? That is a particularly good example, because the train runs past mile after mile of sidings. Some trucks in the depths of these must, if they are to come out into activity again, occasion the moving of hundreds of others.

Consider, suppose instead of a truck working only one or two days out of every hundred it could be made to work one day out of every two. To translate that possibility into fact

## The Need of Unity

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would represent millions of pounds in saving in a year.

And it is a possibility. For it is not nearly as important to build more trucks—though we could do with more—as to use those we have to their full capability. Which means that what we are in need of is the mobility of wagons.

One wonders how much of the 13,500,000 tons of coal used per normal year on the railways goes up in smoke along those miles of shunting yards and in conveying the empties from place to place.

Eliminate entirely the privately-owned wagon and there would never be any empties—or seldom any.

Maybe where there is a large flow of traffic one way it would be necessary to return some unfilled. Goods go down to the ports—coal trains, say—for export, and very often cannot be utilized on the return journey. But even here something could be done by organizing the imports so that certain goods could come to certain ports whence it is known suitable trucks would always be returning.

In this connexion, of course, I think that, with the railways, all ports and shipping and

## The Red Light on the Railways

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inland transport of goods by road and canal should be State owned. All these services dovetail in one with the other, and with proper work between the departments a good deal could be done towards harmonizing the various branches.

The canals particularly are a monument of wasted opportunity. Yet what could not be done in the way of cheap transport of goods with an adequate service of barges—not lying like a dream on the collar of tired old horses, but mechanically propelled?

But to return to the work of the railways pure and simple. And, let me say, since it occurs to me here, you will never supersede the railways by other forms of transport or travel. You will never find a world without railways of some sort. We may develop out of present recognition in the direction of electric trains worked on mono-rails with gyroscopic balance, but there always will be some form of railways. Airways may supplement, but never supplant them.

Therefore we can plan for the future. We need not look at the problems of the railways as belonging only to our own day and genera-

## The Need of Unity

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tion. We ought to take long views. Posterity asks it of us. We should tackle the stupidities of wastefulness and mismanagement, and build for the coming years with what speed we can, but on firm foundations. Do you think in fifty years' time our more enlightened sons and grandsons will permit the follies of inefficiency that now go on? Let us return to them with this conviction in our minds, glancing at them from ahead with that same perspective as we might have regarding the methods of transit of our grandfathers.

The proof of the follies lies in questions of defects—these are the evidence for the prosecution. So back for a moment to the shunting yards. Here alone hundreds of thousands of pounds might be saved in the course of a year. It is impossible to estimate the time that could be saved if any wagon could be used at any time on any train to go anywhere. But when statistics show that on all the railways no fewer than 137,865,000 miles are run in the process of shunting operations it is clear the waste in handling trucks that are to run home empty is considerable, to say the least!

And all this is leaving out the important

## The Red Light on the Railways

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question of the siding-room accommodation. We shall never get complete economy in this matter until we get one ownership for all the railways, and even to-day a great deal more could be accomplished than has been already done in the matter of pooling. But further developments must come.

Look also at the number of men employed in tracing wagons; and when one deals with wagons one must deal also with the sheets—that is, the tarpaulin coverings placed over the goods in trucks. One will fit one truck and not another. In the case of the privately-owned wagons these sheets have to be folded and sent back in the empty trucks.

The reader has also probably noticed, say, North Eastern passenger coaches at the end of Great Western trains. These (which may have been used to convey soldiers) are returning to their company empty. Wear and tear still takes place, though they are not being used, and, of course, the engine-power is also not giving any return in their case.

## CHAPTER III

### STANDARDIZATION

BUT there is a bigger thing than this question of private ownership, and that is standardization of rolling stock. If ever there was a time when one might aim at standardization it is now, when there is a wagon shortage. Before advocating the sinking of capital on additional stock we will first glance at what is being done with the present material.

The average wagon load per loaded journey during four weeks has been shown to be only  $5\frac{1}{2}$  tons, although more than half of the material carried was coal and 22 per cent. other minerals, all of which one might expect to be taken in fully loaded trucks, and therefore waste no space. In this respect Great Britain is a long way behind France and Germany. In the latter country in pre-war years each wagon on an average carried 8.83 tons, as against our  $5\frac{1}{2}$  to-day.

Would it not be possible for us to use our

## The Red Light on the Railways

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wagons to better advantage? Of course it would. And the value of this is clearly demonstrated when we realize that if we add only one ton to each truck per journey we should be saving 739,900 wagon-loads every four weeks. It has been found out that a wagon makes three and a half journeys every four weeks, so that by saving the above number of wagon-loads we should be using 211,400 fewer wagons, and as each wagon is valued at £200, a saving in capital expenditure of over £42,000,000 and an annual maintenance of £3,000,000 would be effected.

These figures, of course, apply to all wagons, whether privately owned or belonging to the railway. It hardly seems conceivable, but the figures show that by adding this ton per truck we should be saving every four weeks 264,200 train hours—over 3,500,000 hours per annum—and as the cost per train hour is £1, the saving under this head would be £3,500,000 per annum.

The decrease in the number of wagon-loads might be expected to result in a corresponding decrease in shunting hours, but if you assume that the shunting hours were reduced to half

## Standardization

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this extent (and they *could* be reduced to half) there would be a saving of, roughly, £1,000,000 per year.

On the top of this a great deal could be done in increasing the capacity of the wagons. Some effort has been made in this direction by the North Eastern Railway, and we have seen that one of the results is that that railway carries the largest number of tons per truck.

It costs about £350 to-day to build a 10-ton wagon. It costs £480 to build a 20-ton wagon, and assuming that 700,000 wagons—which is about one-half of the stock in Great Britain—were replaced by 350,000 20-ton wagons giving the same carrying capacity, there would be an eventual saving at present prices in capital expenditure of £77,000,000.

Why, also, is it that the average number of miles run per wagon per week in Great Britain is only 73? In Ireland it is 144.

Our freight trains have an average speed of only just over eight miles per hour, and it is obvious that something could be done to speed up the service. We might take a lesson from the United States, who are expending much time and study just now upon this question



## The Red Light on the Railways

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from a business and economic point of view. What they are out for is an average on the daily minimum of freight cars of thirty miles per day, also an average load of 30 tons per car, which shows how far ahead of us not only is their achievement but their aim in the construction of big-capacity wagons.

The diverse management of our railways tends to prevent some such organized movement over here. Under Government ownership we could make a concerted effort to brisk up such things, and with the light of public opinion and comment on all departments of workings we might reasonably expect to beat whatever the United States may accomplish, far ahead of us though they are at the moment.

We really ought to have bigger freight trucks. We have in the immediate future to build a much larger number. When could there be a better time to alter patterns and capacities? Even if, until Nationalization comes, the private companies are allowed to build and own their trucks, they should be made to build with certain very definite regulations and specifications. All trucks and all passenger coaches of all our railways should be the same. It would be possible

## Standardization

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then not only to use all cars and trucks on all railways, but a central depot could be established where the Government—when it owns the railways—could construct spare parts that would fit any rolling stock. Millions of pounds in upkeep would be saved, because here we should have the best possible opportunity for real mass production.

We all know what Ford has done in motor-cars. One huge central workshop could turn out endless parts of wagons and passenger coaches. If all were of an absolutely standard size, any spare part could be fitted with the smallest possible delay and expense. The thing is obvious. To-day every company has its own stock of spare parts and must also keep certain parts suitable to the stock of other companies. Stores all over the country have been built to hold these parts. The whole thing is far too complicated, and I know delay has often occurred—is constantly occurring—in getting parts to fit this or that truck. All waste.

The Midland has wagons which cannot be unloaded by the Great Central, and the Great Central has wagons that are useless, because of their construction, to the Midland.

## The Red Light on the Railways

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If one can take a bird's-eye view of the question, this particular aspect of it presents about as good a sense of order as some of the French towns did after bombardment. There is no scheme. It is all haphazard. A chaos which means the loss of wealth to the community. Out of it, it is true, a few snatch profits, which again, however, only increase the cost to the community, and it is futile to suggest that this is the best organization that we can devise or plan in our own interests.

The matter of locomotives presents absolutely identical features of lack of unity. The total value of the locomotive stock in this country to-day is, roughly, £200,000,000. This is based upon the assumption that the average value of an engine is £8,000, which is not much more, by the way, than half the price that would be charged for a new one to be built to-day.

To allow for the cost of maintenance and renewals means probably another £20,000,000 per annum.

I give these figures in order to show the importance of inquiring closely into the working

## Standardization

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of these locomotives. With such huge figures at stake it means that every economy has a vital effect and may mean far more than any increase in wages of the workers.

At the present moment there is fully a quarter of the stock either under or awaiting repair. It is a big item, and if it is a right one it proves the value of getting all there is to be got out of the running of these engines. That they are run wastefully is unquestionable. The mere fact that thirty million miles every year are run by them to convey empty trucks from their destination to their home station is sufficient to put this beyond contradiction.

In this connexion a good deal, to my mind, could be done by free interchange of these engines between the companies. When the State owns the railways, and therefore the whole of their working comes under one central control, this interchange would follow as a matter of course—that is, if a standard engine were adopted on the whole of the railway systems of the country. This seems to me imperative. To-day every company has its own locomotive engineer, who, quite naturally, has

## The Red Light on the Railways

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his own fancy. There is no standard engine. There is no standard engine even on any one of the railways. The North Western, for instance, has thirty-three types of locomotives running on its various lines. Multiply this by sixteen—which is the number of the really important railways in the country—and see the diversity of engines there are in operation.

There should be, obviously, a standard engine for all. When I say that, of course I mean a standard engine for this and the other purpose. There should be one for express passenger service, there should be one for express passenger and goods, and one for heavy goods. If you could once get this adopted, you would have standard parts for each made at a central works, just as in the case of the wagons.

It is very likely that by adopting this scheme, instead of 25 per cent. of our locomotives being in the sheds for repairs, the new parts, being so quickly available and so easily adjusted, would reduce that percentage almost to the vanishing point.

It is difficult to believe that there are two hundred different types of axle boxes, and that

## Standardization

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every company adopts a different type of tyre and brakes and axles. There are over forty varieties of hand brakes. The companies lay down standard regulations governing the construction of privately-owned trucks, but as to their own they claim independence of action, and it is necessary only to call attention to the fact that there are two different systems of continuous brakes, involving a dual brake fitment, in the case of stock that has to be run over lines where the systems are different to show how in this country individuality has been allowed so much scope, a scope greater than in any other country, by the way, that it might be said to be individuality gone mad.

The companies have recently begun to wake up to this fact in order to save endless expense. But, of course, even the new groups are more or less watertight in their organization, and until you get the seven groups knocked into one you will never have all you might have in the way of unity, both of government and of construction.

Moreover, a good deal of the rolling stock—especially trucks—is built not by the companies but by private outside firms. Why should the

## The Red Light on the Railways

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profit made upon building this material go into private pockets? It would be the work of the State, if the railways were owned by the State, and stock could then be constructed at whatever it cost in material and labour, and the community would benefit.

The State, as the builder of trucks, would obviate such items as expenditure on advertising. The private company has to have its directors and it has to make dividends. It has to put sums of money to reserve in order to be prepared for a possible rainy day. It has to put on over-head charges to the cost.

But the Government need do none of these things in connexion with the railways. It would not want to make profits on construction. If it did, those profits would not be dispersed in dividends, but would be put back into the business, so to speak, and go to reduce the cost of subsequent construction.

Remember, there are fifty thousand new wagons constructed every year. About five hundred locomotives are built every year. With this work done under a really extensive system of mass production, it is quite conceivable that, instead of the rates jumping as they are and

## Standardization

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helping as they therefore do to put a brake on business, our goods and our passengers might be conveyed at a price which would make the present rates look like a glaring example in profiteering.



## CHAPTER IV

### COTTON-WOOL

I AM an advocate of Nationalization. I consider this is the best method of managing the railways, both for the benefit of the public and of the workers.

The time has come when the worker must be considered. For many generations he has been as a serf was in the old days. He has just been the man who did the work, a person to be ordered about, and who, should he evince any individuality, any sense of personality, any independence, has been "sacked" and has had no redress. This is all history, and it will never happen again. This is the sort of thing that has created the Trade Union and, if I may interject a criticism, this is the sort of thing that has to-day given the men the willingness to strike. It is the long swing of the pendulum, and I am afraid those who now criticize the railway worker, or any other worker for that matter, forget the long years when he has had to sit

## Cotton-wool

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down and take whatever a master—even the most tyrannical master—has deigned to give him.

We want to eliminate the interest of the investor. We consider that generally there are only two investors—the worker, and the consumer; in the case of the railways, three—the traveller, the manufacturer who wants to send his goods by rail, and the railwaymen. These are the interests that have to be served.

At the present moment neither is being satisfactorily served. On the one hand, the worker is not being given an income or the possibilities of advancement that might be his. On the other hand, the trader and the traveller are paying all the time for the deficiencies of a bad system.

We want Nationalization. It is a word that is anathema to the casual thinker. This is a pity. I wish he would pause and consider just what it means.

Here is a roundabout. You and I and a hundred others want to ride on the roundabout. But somebody owns it. It is perfectly true he has built it. Without him, maybe, we should

## The Red Light on the Railways

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not have had it. But there it is—an established thing—the result of the genius of our race.

Well, you and I ride on the roundabout. We pay so much for the pleasure. If it is not a mere pleasure, if it is necessary to our existence that we use that roundabout, we have to pay just the same. Very well. We pay to the man who built the thing a certain price for the use of it. He makes his fortune and retires, and leaves the roundabout to his son and to others who have invested their money in it. It costs us so much to use this thing. That cost is probably twice as much as the price for running it.

Now, suppose these folks who have need to use the roundabout say to themselves: “We will buy this machine and run it for ourselves.” They put down their capital, and become the owners of the construction. They would then use it and would pay merely for the working of it. It would probably cost them one-third of the price the owner originally charged them. Moreover, they would be careful in the use of it. They would not let it lie idle. Would not let it go to rack and ruin. They would see that

## Cotton-wool

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it was always under good repair and working with the utmost efficiency.

That is Nationalization.

If we own the railways we, the community, should only pay for the service of it just what that service cost. We should not have to make profits for casual investors. We should not have to think of putting by money to reserve in case of bad times. We should not have to pay one hundred directors who happened to own different bits of the land. It seems obvious that this is the acme of economy, the only real way to serve cheaply the public need.

“But,” says the man in the street—or, should I rather say, the thoughtless thinker—“the Government did control the railways during the War, and see what a mess they made of it. Look at the present-day charges for transit and for travelling.” It is not a fair argument. Control, as I have already indicated, by the Government is not State ownership, and before I pass on to analyse the worth or worthlessness of State ownership I must go into this matter of the State control of the railways during the War.

The railways were taken over not with a

## The Red Light on the Railways

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sense of working them efficiently or cheaply, but purely because it was necessary to subordinate them, for construction and working, to the needs we had in carrying on the War. They were taken over by no civil department. It was the War Office who decided that they should be taken over, just as it was the War Office who decided that it was not necessary to take over the Undergrounds.

Now, when they were first controlled it was done under an old Act of 1871, and they were taken over on a certificate which, strange as it may sound, had to be renewed every seven days.

Understand that it was not at all a financial taking over. But it was at once appreciated by the authorities that some return must be made for commandeering this public service in which a vast amount of capital was invested. It was therefore agreed to guarantee the railways collectively the same net receipts as they had had in 1913. At that time, of course, there was no idea of a seven years' possession or a seven years' guarantee, and as time went on there were so many amplifications of the original undertaking that these side structures, so to

## Cotton-wool

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speak, became much more important and considerable than the original building.

Let us now glance for a moment at the way this control was exercised. I want to do this because it makes it abundantly clear that the Government, as a community, has never had the slightest voice in the actual running of the railways, even under the abnormal conditions of the War period. And let it be said here that, even if it had, it would be no fair test of national ownership, because the period *was* abnormal to the last degree.

Lord Kitchener, then, took over the railways. He had no organization for controlling them, so he created one, and what he did was to appoint a small body of the principal general managers of the different lines, with a regular chairman in the President of the Board of Trade, who, by the way, never attended meetings.

This committee governed the railways throughout the War right up to the moment the Ministry of Transport dissolved it at the end of 1919. This committee had a free hand in making all arrangements for the conducting of the railways, and it is a very far-fetched

## The Red Light on the Railways

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argument to suggest that the Government had any voice at all in the working of the various lines as business undertakings. All the Government wanted during that period was that troops should be moved expeditiously, and that munitions should be carried with all speed from the workshops in London and the big provincial towns down to the docks. Nothing else mattered.

As an example of how things were entirely left to this committee of management, a perusal of the documents that passed between the companies and the Government, and which were issued as a White Paper subsequently, shows that this committee acted on behalf of the Government and made arrangements with itself as representing the railways. They were overlords of the lines, and if there was efficiency, or if there was waste, or if there were inconvenience and delay, it is to this committee that either compliment or complaint should be directed—not to the Government.

The scratch arrangement that was originally come to—very much like employing a worker on a seven days' notice—seems to have been the cause of serious consideration by the

## Cotton-wool

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managers of the lines as soon as the first flush of patriotism began to pale. The managers, quite naturally, commenced to think of the working of the arrangement from a financial point of view in regard to their shareholders. It is only reasonable that they should think that the interests of their investors must be safeguarded. As a result, the Government practically said to this committee: "You carry on as best you can; we trust you to see we are properly treated."

Yet these railways were incurring expenses running into hundreds of millions a year, and all these expenses, resulting in loss, were eventually to become a loss which the Government—and that means the public—had undertaken to refund when the War was over.

There is in all this not the slightest criticism against the personnel of the committee of managers. I am convinced that they in no way deliberately acted against the interests of the tax-payer; but it is only natural that they should safeguard the property of the shareholders, and it is a fact that the agreement, which was originally one of purely military interest,



## The Red Light on the Railways

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changed in its aspect during the War until it became a great financial thing.

There is a point here which one ought to make in passing. The companies claim that the Government undertook by these agreements to put the railways into exactly the position they were in—or exactly the position they would have been in had there been no War. I do not think the Government ever meant to do this. It just devolved from the various hurried and rather superficial undertakings that were made from time to time.

One cannot help feeling that it is unfair that the railway companies should be picked out of the whole body of commercial undertakings and made secure against the general communal danger of loss as a result of the War. Why should they have been wrapped in cotton-wool and kept immune alone among all businesses? For, remember, this is the point we are discussing. They *are* businesses, these railway companies. People invest in them for purely financial reasons, hoping to obtain a good return for their money, just as they might invest in breweries, or motor manufacturing firms, or any other concern. Yet these other

## Cotton-wool

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undertakings were not sheltered and guaranteed against loss. The War happened to them either to their advantage or to their loss, as the case was; but to the railways, if you please, there has been no War. They alone in all the world can say: "This disaster has never happened."

The Government never meant to do that. But it was done. That was the bargain, and it has to be met. In the first place, there was the guarantee of net receipts. That was the original agreement. No difficulties accrued from this for some time. The Government merely paid the expenses and took the receipts. But when we get to 1916 we find the railway workers making demands for increased wages because of the mounting cost of living. The companies would do nothing—until the Government came forward and guaranteed their receipts for two years after the War. Now that was not done in order to enable us to win the War. It was a concession forced upon the Government by the railway workers threatening a great strike which would have paralysed the country's effort in the War; and, of course, it was a terrific benefit financially to the railway companies.

It is doubtful if ever there was so great a

## The Red Light on the Railways

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deal in any sphere of industry. The property involved was £1,200,000,000, and the income and expenditure was, at that time, about £220,000,000 per annum.\* All this taken over from week to week for seven years without any properly drawn up agreement; everything left to the private management to do the right thing by the community while, of course, they were at the same time representing a vast body of their own shareholders. Was ever a less businesslike scheme adopted! To be sure, it is certain the railways were of immense use during the War. What should we have done without them? But such a question could never have arisen if the railways had belonged to the State. They would have been very ready to be made use of without any question of compensating private individuals.

That the railways ought to belong to the State is especially emphasized by the very fact that the country had to make these arrangements with the companies. Germany was secure against any interference with the railways. The State there did not have to guarantee profits to private companies. The State owned the rail-

\* To-day it is 500 to 600 millions.

## Cotton-wool

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ways in Germany. Suppose our late enemy had been in our position! All the stock that has to be handed over as a result of the Peace Treaty would have had to be made up to the companies by the Government. The sum involved would have been colossal.

Let us look at one part of this agreement : stores. These were found by the companies, granted—all the stores for the undertakings—and they came out of their own capital. Stores are as much a part of these undertakings as engines and rolling stock ; but they would have had to do this, war or no war. They had to have these stores, and it is not a great claim on their part to point to the fact that they provided them. But the great point is that the Government undertook to replace all these stores at the end of hostilities to the same amount and quality as they were before the War. The companies have to hold stock in so far as they are concerned at 1913 prices, the country—you and I—paying the difference between 1913 and 1921 costs. That old Regulation of the Forces Act, passed in the year 1871 (under which the companies were taken over at the jurisdiction of the military), has been used to put the rail-

## The Red Light on the Railways

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way companies into a position of immunity from the effects of the War. That old Act was never framed with this end in view. It was framed to give the country control over the railways in case of emergency. It was not its intention to save the companies from loss. Yet that is precisely what it has done.

It is the same all through. Maintenance, for instance. The companies argued (and, of course, it was true) that during the War they could not spend money on keeping up their permanent way. They were making munitions; their men had gone into the Army; materials were unobtainable. They could not spend their ordinary amount on maintenance, and so they were allowed to debit that amount of money during each year of control. This, so far as the agreement went, was fair enough. But the point is that that money was paid to them. They have £36,000,000 odd, on account, which they have not spent, but which represents the amount they would have spent on upkeep. The companies are getting the full earning capacity on the best year that they ever had—1913, and yet on the top of that are receiving the interest on this £36,000,000. Why was it not funded

## Cotton-wool

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in order to reduce the total which eventually the State will have to pay in repairs? This seems a long way from the winning of the War. It is purely and simply a safeguard against the results of the War—results which every other concern had to accept.

And now, if you please, they are claiming decontrol! Not only decontrol; they want to go back to exactly the same conditions as existed before the War. They are trying to put an end to the Ministry of Transport. Those who are familiar with Press methods can see the scheme developing day by day in the papers, the real motive, however, being kept well in the background. Once get the Ministry abolished, and decontrol in its entirety will be a simple matter.

It is quite obvious that the interested people do not like the Government's proposals for the amalgamation of existing lines. I consider the case for State ownership is overwhelming, but I should despair utterly of the prospects if the Ministry of Transport were entirely abolished. That would mean merely reversion to the old pre-war position, with all its waste of money and time and utility. I have no hesitation at

## The Red Light on the Railways

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all in saying that if decontrol takes place the existing rates are likely to be the fixed rates.

Now these rates at the moment are justified only upon the grounds that we have to face a deficiency. This deficiency has been brought about by the War. It is not going to last for ever. There is no justification for their assuming that these rates need go on; but I think we may safely take it for granted that if the private companies go on without any sort of hand holding them down they will see no reason for reducing charges. They will net huge fortunes. It has to be a very public-spirited body of men who, without being urged, reduce the price that they are able to obtain for a commodity which they have under control.

We must never go back to decontrol. If we cannot go forward immediately to State ownership, we can anyhow support a Ministry of Transport, which, in turn, at the least can check to a degree some of the waste that is going on and watch the interests of the travellers and business man as against the extortion on the part of the companies.

## Cotton-wool

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“Extortion!” the railway companies exclaim. And this is their argument.

They say we (the country) have taken over their property and used it as we thought fit. They point out that during the War there was enormous traffic over their lines, and had they maintained their property they would have made tremendous profits out of that traffic. Just as munition-making firms made huge profits and other traders who happened to be able to provide those things which were so urgently needed in the prosecution of the War. The railways were not allowed to do this, and they complain about it. They had to make munitions, they say, and while other munition-making concerns were amassing huge profits they (the railways) are kept at their 1913 figure. Wages were put up, shorter hours were granted, and it is only right that they should have their property handed back to them as efficient and prosperous and capable of earning a dividend as before we took it from them.

It is a perfectly logical position to take up—from the shareholders’ point of view. You see how far they were from the real reason of the Regulation of the Forces Act. They think



## The Red Light on the Railways

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no longer that they were taken over to win the War or to help to win the War. It is merely now the question of finance.

No, they do not want any controlling ! They have come through a very serious period with all their flags flying. They even, you will recollect, as the price of meeting the men and fending off a disastrous strike at a very difficult phase of the War—1916—had the agreement extended two years beyond the conclusion of the War.

Above everything, however, is their contention that they would have made immense profits out of the War which they did not make, and they are, therefore, entitled to these special arrangements. Now is that view at all justified ? You must remember that the railways are not built to compete in a world market. They are built by statutory arrangement, having definite limitations of charge. On those statutory charges it is not a reasonable contention that they would have made vast profits. Nineteen thirteen was the best year that had ever been achieved. But even then they did not make vast profits. Look at the railways that were not controlled—the Underground lines. Did they

## Cotton-wool

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make great profits? Did the docks and the tramways make huge profits? They were not guaranteed. They were not controlled. All these concerns have had to promote bills to get permission to raise their charges in order to save themselves from bankruptcy.

Is it reasonable to think that in the middle of the War the Government of the day, seeing that the railway traffic was enormous, would say to the companies that they could at once increase their recognized rate of charges just in order to let them make great incomes? Of course not.

One wonders how much these agreements with the companies are going to cost the poor taxpayer when it is all through and done with! One also feels what a strong appeal there is in the notion that the moment when we have to settle up is the best moment of all for taking over.

## CHAPTER V

### THE NATIONAL RAILWAY

AND so we come to a full consideration of the national ownership of the railways. Hitherto I have merely asserted that by this reform we might hope to find a panacea for many of the undoubted evils from which we at present suffer. Now I would like to go thoroughly into the details of such a scheme in the hope of convincing my readers that it is a right thing to do for the sake of everyone. Everyone—not only the workers. And perhaps it is not inappropriate here to say that many people have asked me why the railway-worker should be so anxious to see the nation take over the railways.

It is a sad commentary on the present-day conditions of business life, if you really think of it. Are we all out only for ourselves? And cannot one hope to do something for the good of the general body without being suspect? It would almost seem not. Yet I know the rail-

## The National Railway

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way-workers in this country pretty well, and I know what we may expect as results from a scheme of Nationalization. But I assert, and I assure you that the worker of the railways has a genuine belief, that under State ownership a better system would ensue for the general public. I do not deny that he may hope things would be more comfortable for himself. For one thing, he looks forward under any national scheme to having some real voice in the management of the railways. This would, of course, ensure that his conditions and claims would have a medium of expression in the councils of those who govern. He has never had this. For many decades the railways have been governed entirely by the capitalist.

The directors of the railways have been, first of all, the men of position, and, very secondly, men of railway experience. Railway knowledge is, as a matter of fact, the very last consideration that is applied to a man in connexion with his election on the directorate of any railway board, with the few exceptions in favour of general managers who have been co-opted on to the boards. The worker—whether he was signalman, or porter, or engine driver, or guard—was

## The Red Light on the Railways

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looked upon as a mere automaton who, should he slip, could be dismissed, and who, if he devoted his life to his job, was very well rewarded by a meagre pension or nothing.

The pendulum is swinging. That era of the worker being entirely unconsidered has passed, and nothing in the world can stop a full recognition of the manual labourer as a human entity worthy of not only his hire, but of having leisure and the wherewithal to enjoy that leisure.

As I say, the mere worker has had no voice, except the voice of the strike. And the public, perhaps, are too ready to judge those people who adopt direct action. It was the only way out of a wood in which they—the more or less ignorant workers, otherwise helpless—were confined in a gloom from which no other power ever sought to lead them. One could almost imagine the employers laughing to themselves and being glad that the undergrowth kept these slaves from finding the light of day. The directors of the companies never considered this. I am quite open to admit that it never entered their heads. I do not suppose that they ever got down from their first-class carriages and

## The National Railway

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climbed up into a lonely signal-box, and looked at the railway and its work and its manifold dangers and difficulties and responsibilities from the point of view of the signalman earning his £2 a week. They were elected, very often perhaps, because they happened to be a peer of the realm, or an important Member of Parliament, or the head of a wealthy business house.

Is it not easy to realize how keen those who for so many years have worked without any practical recognition and with very little reward—how keen they are to realize their full manhood and take their stand with the elect in making these railways (for which they have worked) efficient? For some of them have unquestionably proved their ability and their right to take a share in the government, and, for my part, I think that, with so many years of experience, some of them would without doubt add wisdom to the councils of management.

I look to see in the future these labourers on the line and in the engine shops interpreting their experience in the solid improvement of the system.

## The Red Light on the Railways

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I thought it wise, before going into the actual details of the reform, to point out the work of the human element, to emphasize the need for the man, as a worker, to be recognized. It is upon him success or failure depends, and if any evidence of this is needed it could be found readily if, for a couple of days, the entire body of workers on the British railways decided to work according to rule. Readers probably know what this means—the slow-gear strike. It was suggested some time ago, and I, for one, most heartily condemned it. I do not think that by these side tracks we shall ever reach the broad road of progress. They only lead into the quagmires of argument and unproductiveness. “Going slow” is going nowhere, unless it is going slowly backwards.

But, still, the fact that it can be done proves that there must be individual effort in order to obtain success in the working of the railways. It does depend upon the individual workers. They can make or mar a system; they can speed up deliveries or aggravate delays; and—and this is what working according to rule means—you can never catch them and punish them, because they can always show some point

## The National Railway

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in the rule book which will justify their action.

We must in the future encourage, and not fight, the worker, and to those who say we must not give in to the worker I answer that, if conditions are reasonable, we shall find the worker not likely to make demands that are unreasonable. I know that in Labour movements you always get extremists—little bodies of men who, in some part or other of the country, talk behind their hands one with another and create a false sense of antagonism and enmity to the ruling classes. I maintain, however, that if you put the railways under the authority of the State they will have a proper system by which the worker and the Ministry can meet and discuss those troubles that must arise. If you have the 600,000 manual employees on the railways properly represented upon the boards which direct the lines, you are not going to find many—if any—occasions when the worker is going to make unreasonable demands.

And here I would like to point out how important it is that workers should be upon the boards of management. I think the average



## The Red Light on the Railways

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conservative thinker (who holds up his hands rather in pious horror at any suggestion that the workers should share the management) does not ever think this far: that the worker upon a board of management need not be there only to irritate the other side. It is just as likely that he for the first time will see, and therefore will make his fellow-workers see, that there are two sides to the question. The advantage must be mutual. The capitalist side, or the Government side in a case of Nationalization, would be able at first hand to hear the workers' views, and the workers, by their representatives on the board, would see the employer's side. This must make for harmony, because I do think that a lot of the labour unrest there is in the country is the result of the workers not being able to see the reason for employers taking this or that attitude, just as it very often happens that employers can be embittered because they are not in full sympathy and understanding with their workers.

There was an illustration of this on the Underground railways of London. The employers put the case frankly to us. They laid the figures on the table, and we were able

## The National Railway

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to realize that we were up against wage demands which were impossible to meet. These demands would never have arisen in that form had the men been all the time represented on the management. It had to wait until they had been pressed and discussed before the position could be made clear to them.

To look for a moment at less national affairs than the railways, I know of cases where workers have criticized their board of directors for certain actions which might seem to show a lack of appreciation for their employers when the facts have been that the employers have gone as far as they possibly could in meeting the wishes of their "hands," but have been unable to explain the firm's position because, had they done so, it would have injured their reputation and their success. There are business secrets that belong to every board-room and cannot be bruited about the street without doing harm to the whole concern—which, we must remember, includes the workers as well as those who represent capital and control. Now, had the men a trusted representative upon such a board, they (the men), having no suspicion of their own delegate, would have been able to accept his

## The Red Light on the Railways

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word that all was being done that could be done, and so a position of strife would have been avoided.

The goodwill of the workers is, in fact, one of the most tremendous assets in commerce. It spells production. It spells full time. It spells interest in one's occupation. Wipe out the amount of time and energy and disinclination to work that is represented by that constant secret 'whispering' that goes on among staffs which, rightly or wrongly, think they have a grievance against the management of their firms, and you are going to get 50 per cent. more efficiency in workmanship.

I maintain that if you have a properly constructed and controlled system of national railways you will be eliminating the vast majority of possible causes of friction between those who run the railways and those who manage them. The men are going to have one of their own number—a man who understands them; who, in all probability, has been doing their own jobs—sitting in the council chamber and looking after their interests. The men, when any cause of argument comes up as to the working of the business, will say among themselves that their

## The National Railway

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delegate is to be trusted to put their case satisfactorily before his fellow-directors. They will rely upon him to do this. If he, in his turn of course, is outvoted, he will be able to go to them and tell them how and why it was done. If the extreme is reached, and both the delegate and the workers consider that they have been wrongly treated, we shall, naturally, have a recurrence of strikes. That is the only method by which the mass of workers can exercise their authority.

I must say that a good many of the ebullitions of unrest which we have witnessed in the country since the War have come as a surprise to the general public, not because these upheavals have been sudden and passionate, unbalanced and ill-considered, but because the public have not had the means of knowing the rumblings that have gone on beneath the surface. The trouble is that the worker has no method of voicing his opinions. I am afraid that he does not get much opportunity through the ordinary Press channels of putting his case before the public notice. How often to my knowledge have meetings been held where reformers of talent and insight, of earnestness

## The Red Light on the Railways

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and zeal, men who have dreamed dreams that have had only the public good as their goal—how often, I say, have these men spent their energies and given their capabilities at a meeting that has been crowded by the average man in the street, to point out the new paths that lie open to the community to walk towards better and bigger things, and not one word has ever found its way into the public Press!

Meantime, in the next building, we may find Alderman Fat, who, because he happens to express the views that appeal to capital, has had his utterances recorded—with all their inaccuracies put right by the better educated men who record them.

It is not my sphere in this volume to criticize the Press. In some directions recently they have shown a genuine impartiality in Labour affairs, and I think it only right to record my appreciation of this new spirit; but it is a fact that, because the feelings and ambitions and the aims and the injustices of the great army of workers in the country do not find a ready expression in the ordinary daily papers, the public wake up with a shock of surprise when they find that this simmering unrest has

## The National Railway

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suddenly exploded in some special trade or in some locality in the shape of a down-tool policy.

So far, however, as the railways are concerned, what I want to make clear is this: that if you have the systems put under State management you will at once create an avenue of approach from the highest to the lowest, and the lowest to the highest, which should go an immense way towards obliterating the chances of friction.

I have not before me at the moment the actual figures, but the number of working hours lost in strikes must be enormous. That means millions lost in business and endless inconvenience to the community. If we can put an end to this unrest, which after all is a form of national waste, we shall on that ground alone, to my mind, have established a sufficient argument to take over the railways, and, with the railways, the canals and all road transport.

Of all industries in which goodwill can produce good results it is in railway working, where a loss of a minute can dislocate the service and where every grade in that service is a cog

## The Red Light on the Railways

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in a wheel, dependent and interdependent one upon the other.

Let us presume not that these men are going to work to rule, and therefore render travelling practically impossible, but that they are as interested as the management in delays of trains, that they are as keen as the management upon the quick dispatch of goods, upon making up time unavoidably lost, and I venture to say that we should create in this country a revolution in the working of the railways. This can only be brought about by goodwill, and goodwill means the end of suspicion of the management.

If, instead of a man being punished for slips that happen, he were asked to give suggestions to avoid delays and difficulties, if he were definitely consulted on changes and improvements—in short, if he were invited to feel that he and his fellow-workers were partners in the concern, an entirely different spirit would be manifest. There are some, of course, who feel that all this change, that all this treating of the worker as a human being with brains and the desire to reach efficiency, would break down discipline. To use a colloquialism—that is all

## The National Railway

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moonshine. The best results are obtained when men feel they can be trusted and trust each other. Encouragement is infinitely better than the fear of losing his job to make the worker work. It is a better investment. And those who would be ready to take advantage of a position when punishments were of secondary consideration would be in a hopeless minority. Good sense—the British sense of fair play—would soon bring these few recalcitrants to heel.

This must involve a frank and full recognition of Trade Unions as an entity in industry, and in so far as the railways are concerned Trade Unionism does not stand necessarily as an antagonist to capital. That, at least, is not its ambition. It does frankly want to see the lines taken out of the hands of private owners, and its fight for this is in the public interest as much as its own. When the goal shall have been reached, I would like to see Trade Unionism substantiate and justify itself by having greater responsibilities put upon it to maintain discipline. Workers do not fear to work; they merely fear to be worked upon.

It seems, upon looking back, as if it is almost



## The Red Light on the Railways

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impossible that it was only in 1914 that there was anything like complete recognition of Trade Unionism by the railway magnates. It was this long struggle to obtain what, after all, was only the rights of the average human being that has created the suspicion on the part of workers. I am afraid that even to-day, now that we have proper collective bargaining, now that we can go to the employers and place our position frankly before them, now that our powers are really in our own hands—even to-day a great many of our workers are still suspicious and only too anxious to take up arms against the management. All this will go when a complete national scheme is adopted.

This is no slipshod agitation on the part of the workers—it is a carefully thought out and definitely framed scheme. During the past few years what is known as the Railway Nationalization Society has held many conferences to consider this matter, to go into the terms of purchase, the allocation of surplus profits, and, in especial, the way in which the public and the workers can participate in control. It is, of course, very necessary on our part that, with the railways, the whole question of transportation

## The National Railway

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should be included. It was only in 1918 that Mr. Lloyd George admitted that there was a problem of transportation which he declared then was left largely to chance. "Rail, canal, road, tram—all vital to the life, the industry, amenities of the people of this country—that problem must be taken in hand under the direct inspiration and control of the State."

This is our aim. A proper system must include canals and roads. It is quite easy to imagine that there are many parts of the country to-day where it would be too expensive to lay a railway line simply because the traffic would not justify it owing to its isolation from towns and commerce. In such cases the Ministry of Transport would institute motor services, which would act as a feeder, giving people who were residents in those neighbourhoods all the advantages of quick transport of their goods and themselves and linking up with the nearest railway.

There are, no doubt, openings for improvement in our canals. These to-day are very often little more than stagnant ditches, unutilized for serious transport purposes. Yet in other countries canals have been used extensively, and

## The Red Light on the Railways

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though very slow, they are cheap. Here again, just as in the case of railways, the system has grown up sporadically, engineered by private capital, and there has been no general policy or machinery of co-ordination or systematic development. There has been no claim for the main arteries of transport from the national point of view. We find that where there has been a canal the railway lines have been built alongside it.

This sort of overlapping is in evidence all over the country, and it is unnecessarily involving serious economic waste. As an instance of this—and, incidentally, as an instance of the failure of private enterprise—one finds the companies, quite naturally, endeavouring to carry goods as far as possible upon their own system before transferring to another. More often than not this occasions increased mileage, and more waste. On the other hand, in rural areas there is an entire lack of reasonable facilities for transport.

If agriculture is going to develop, much must be done to help the farmer to get his goods to market; and, again, it seems to me that the railway of the future must go far forward in

## The National Railway

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meeting the needs of the working man. I do not mean only the workers on the railways. I refer to the general artisan. The first thought should be that if the workers as a whole have obtained shorter hours they ought not to have their time wasted by delays for trains and facilities for getting to and from their work. Personally, I believe we can vastly develop our country life by giving the workers quicker facilities for getting home after their day's job is done.

At the present time in many places three and four hours a day are spent by workers in this business of going to work and getting home again, and this, remember, by no means under the best of conditions.

We want to build garden suburbs out of London and other big centres, but how can we ever make these possible to the artisan if he has not means of getting to them that are both quick and cheap? I believe quite a lot of the unrest that exists could be traced to the lack of such provisions. Give a man a decent home—I mean let it be within the scope of his earnings—let him get comfortably from it to his work, and cheaply. Let it be out in God's green

## The Red Light on the Railways

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country, where all he wants is not the mansion of the rich, but a decent cottage, which really ought to be within his means, and a bit of garden he can cultivate. Give him a wage upon which he can reasonably clothe and educate his children, with a special emphasis on the education, because that, be it said to his credit, is the first thought of the artisan parent, and you will be cutting the ground from under the feet of the extremist, the Bolshevist, and the revolutionary. This way lies peace, industrial peace, and it is up to those who govern us to work untiringly for so excellent a consummation.

It is all within our grasp, and as far as the railways are concerned there is sufficient waste every year to meet the bill. Cut out this staggering overlapping and lack of efficiency, and all the cost of travel could be reduced so much that it would matter little to the artisan whether he lived four or forty miles from his work.

In the matter of his holidays, too, we could smooth his way and ease his anxieties. A great works closes down for a week or a fortnight. Special trains ought easily to be arranged to take

## The National Railway

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the workers and their families to the seaside. It is done now in the case of some railway workers. It could be indefinitely extended. Not always special trains, perhaps; special coaches would often be sufficient. But to-day, so far as the general body of workers is concerned, this concession is not thought of. There is nothing, however, in the way of it. It is even now a paying proposition, and under State ownership far cheaper fares would be possible, since then it would not be so essentially a question of "Does it pay?" as "How cheaply can it be done?"

I know we are now assuming one control of railway affairs, and until we get that unity we must go on taking what we are given. We are so far from unity. It does not exist in the official mind. You know when new undertakings are in view commissioners inquire into the proposition. Do you think they ever then view a proposal from a broad, socialistic point of view? No; they deal with each project upon its own particular merits. They do not consider the general transport policy. It is, for instance, within their province to see the opportunities of linking up light railways for the purpose of

## The Red Light on the Railways

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through communications. Local authorities have asked for a license to do this, and the commissioners have approved or not approved.

Only recently some of these things have been brought together under the general control of the Ministry of Transport, and it is earnestly to be hoped that the control of this office will bring about unity of purpose and, ultimately, development into one general transport system owned, of course, by the Government.

Let us now run over the points which I should wish to see established in regard to the railways. In the first place it is understood that they become State owned and placed under the Ministry of Transport, the head of which would always be responsible to the House of Commons. By that means you have the direct voice of the public easily expressed in regard to this enormous undertaking—and responsibility. But that this Ministry would also function over all transport is a mere corollary which I need not enlarge upon.

All civil rights now possessed by railway employees would be retained under the new

## The National Railway

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ownerships. By this I mean that they would have vested in them those privileges which have been accorded to them by Trade Unions in regard to hours and conditions. It would, incidentally, mean also that—and this is rather an important point which really deserves fuller consideration—any body of men who were dismissed because of the vast economies that might be exercised as a result of co-ordination should receive compensation. There must be hundreds—indeed thousands—of overlapping units on the various railways, from little man to big; and all these, wasteful as they are, would naturally be exercised upon a complete amalgamation under one management.

Is Nationalization, then, going to throw many people out of work? One or two considerations crop up here, and the first one, perhaps, is to notice the increasing tendency on every hand, both in this country and in others, for private concerns to form themselves together into large trusts. This, so far as Labour is concerned, is a much worse thing than any Nationalization could be. There was a paragraph in the papers some time ago pointing out



## The Red Light on the Railways

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that a number of men had been paid off on certain oil works because these works had belonged to one of the concerns which had become amalgamated under the name of Scottish Oils, Limited. Here you see centralization bringing economies which mean unemployment. That, of course, is only putting one side against the other.

But there is another aspect. Supposing so many thousand men were thrown out of work because of the elimination of good positions. The country could afford, from a purely financial point of view, to pension off all those men so that they never did another stroke of work. The community would lose nothing. As a matter of fact the community, in effect, does pay these pensions now, inasmuch as the jobs of these men are unnecessary. I am not suggesting that these men should be pensioned off. They should receive compensation until work be found for them in other directions, or, what is better, by reducing the total quantity of work that has to be done you could, instead of reducing your total number of workpeople, reduce their hours of labour. In fact, the yearly wastage from old age, accidents, deaths,

## The National Railway

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etc., would soon absorb the surplus. Incidentally, working on the same lines, you could improve wages, provide holidays, or reduce the cost of the service. In effect, the saving as the result of the elimination of waste would be to the benefit of all parties concerned, whereas under private enterprise, even should the same unification be obtained, the whole of the saving would go in the shape of increased dividends. On the one hand the saving helps the worker and reduces the cost; on the other hand it goes into the pockets of the investors.

If there should be any other surplus of labour, however, we should put in any Bill the clause for the compensation of those who lose their jobs.

Now to proceed—there would have to be a National Board of Control and also local committees for local matters. This National Board would consist of an equal number of representatives nominated by the House of Commons and the Trade Unions. The method we should adopt for the election of the employees' representatives would be on these lines: nominees would be submitted to the Ministry of Transport by the unions catering for railwaymen. Every nominee

## The Red Light on the Railways

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would have to be a bona fide member of one of those unions.

The Minister of Transport could, if necessary, cause a ballot to be taken among the members of the representative Trade Unions, as a result of which the election would be made, or accept the unions' nominees, who would be responsible for seeing that they were elected in the most democratic manner possible. These workers' representatives would hold office for three years, and would be eligible for re-election. If any of them were not re-elected, it would be made imperative that they should be offered re-employment in the railway service in a position at least equivalent to that which they had left in order to become delegates.

Much the same methods would be adopted in regard to the local committees—the same tenure of office, the same method of election, except that in their case the chairman would be chosen alternately from each side, and each side would have its own secretary, both of whom would have the power to call meetings upon any question that arose; and both sides also would be able to appeal, should any difference arise,

## The National Railway

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to the Central Board. Any member or number of members having a grievance would first submit it to the branch of the Trade Union to which he or they belonged, and obtain a decision as to whether it should go forward to the local committee. That local committee would adjudicate. A member, not being satisfied with his adjudication, should go to the executive committee of his own Trade Union at headquarters.

There you have the workers' side of the whole business, and by a consideration of the individual such as this would guarantee, and by the opportunity of any member voicing any grievance he may have and for getting the benefit of any suggestions he puts forward, you have, I think, machinery which would result in the smooth working of the lines and which would be in the interest of all.

The actual business of taking over will be one for careful arrangement. It must not be a matter of long duration.

When the Government took over the telephones this happened : the company knew they had a lease for a certain number of years, and towards the end of that lease they were made

## The Red Light on the Railways

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aware of the fact that the Government were probably going to take the system into their own control. As a result the equipment was by no means in good order at the time the change was made. It was only natural. I suppose one could not expect a private concern to spend money and time and labour in making those extensions and improvements which would naturally be made in the ordinary course of events when they knew that they were going to be bought out.

A good many people, by the way, when they consider the question of Nationalization are very apt to say, "Yes, look at the telephones!" and, with a shrug of the shoulders, suggest that for the Government to run any service simply means that it becomes a bad service, chiefly because, they argue, those who manage it, having no competition, become careless and do not give the best that they might give under the stress of rivalry. This is a point that ought to be considered, and later on I shall discuss it; but at the moment I mention the telephones as an example of how, if it is thought a service is going to be taken over, those in charge of it prior to that absorption will let it go more or

## The National Railway

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less to rack and ruin, being quite naturally, as human nature is, only too keen to save and not to invest money in the future. Of course, they have no future in which to invest.

And so I say the fact that the Government are going to take over should not be advertised too far ahead, so that when the system comes into the hands of the State it would be as much up to concert pitch as it would be at the appointed moment if there were no such transfer contemplated.

The average man is inclined to look with grave misgiving upon the question of Nationalization because of the enormous cost it is bound to entail in his eyes. Of course, this is an entirely erroneous idea. You and I, as ratepayers, would not have to have a huge tax put upon us in order to provide the actual cash to purchase the railways. It is really only a matter of book-keeping.

The total subscribed capital to-day of all the railways in this country is, roughly, £1,300,000,000, including about £200,000,000 of "water." The Stock Exchange figures at the moment show somewhere about £850,000,000. The question quite naturally

## The Red Light on the Railways

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arises in some minds: "How is the money to be found?" and it is a fact that before the War the actual amount of gold and silver money in circulation was only about £150,000,000. But the State can pay for the railways it purchases in its own loan stock or bonds, which would be saleable on the Stock Exchange just as War Loans are to-day. In exchange for paper that shareholders to-day hold in the shape of stocks in the various companies they would get other paper, issued by the Government, which would be in effect the loan for the purchase of the railways. It could be arranged that the purchase price should guarantee a return to the subscribers to this loan of, say, 5 per cent. or a similar percentage to which they could realize on War Loans. As I say, it is only a matter of book-keeping.

There are a good many people who say that this is really making very little difference, because the investor in the new loan would still get his interest upon the working of the railways. But what these critics do not seem to remember is that the rate of exchange is fixed and that the change over has taken away all possibilities of future increased dividends made

## The National Railway

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at the expense of the general public. It is also possible to pay off these holdings over a period of years until, at the end, the actual material, goods and stock of the railways are the entire possession of the Government. That, to be sure, is the ideal position we want to reach, and, having reached it, the service could be run for the good of the public as a whole, no dividends or interest being paid, and all the efficiency that might be attained being used to cheapen the cost to the traveller and the business man whose goods are dispatched over those lines.

There is a section of "advanced" thinkers who ask blithely: "Why should the companies be compensated at all?" But I do not think any serious-minded citizen is inclined to support the view that the railways should simply be commandeered. Certainly those among Labour leaders who are striving for the common good would not try to get rid of what we consider injustice—the injustice of a few private persons making capital out of a service which should reveal no interest—by deliberately creating another in the purloining of a property that has been established by other people's ingenuity and



## The Red Light on the Railways

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investment risk. That is not our view, and, let me say here, we do not wish that the railway workers should own the railways—we want the country, as a whole, to be the proprietor of them.

## CHAPTER VI

### OBJECTIONS

As I hinted in the previous chapter, among those who object to Nationalization are the critics of the nation's telephones. I really think that this question deserves some close attention because it crops up so often. You will hear the man in the train say that when the National Telephone Company owned the lines he, having six instruments in his office, would call up headquarters when one went wrong, and within an hour or two someone would be down to put it right. You will hear him sadly complain now that, in this year of grace 1920, it takes months to get the same attention, and then three men will come and play with a job that one could do quite comfortably.

The majority of the complaints against the telephone system to-day are based upon the difficulty in "getting through" and the inability to obtain new lines which are urgently required for the development of business. Now, we

## The Red Light on the Railways

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have to remember that the telephones were taken over by the Government at the end of 1912. As I have already mentioned, the private company that ran the telephones before that change had known that their property was going to be bought out. What did they do? They let their level of efficiency deteriorate.

Telephones are a peculiar business. It is necessary to lay a good many underground wires in advance of actual needs. This is entirely done to meet new business and to avoid the constant taking up of the roads. Now, the National Telephone Company had allowed their spare plant for future requirements to be practically exhausted at the time they were taken over, so that when the Government came into possession it had to put down nearly a million and a half per year to cope with the necessary work for extensions. This business was well under way when the War came and interfered with future developments. In the summer of 1915 the whole work was practically stopped, as is shown by the fact that, instead of nearly a million and a half, only about half a million per annum was spent in

## Objections

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this direction. And so it was that the demands for new telephones could not be met, and to-day cannot be met, though things are improved; and as soon as we reach something like normality the whole of this complaint could be wiped out, and the argument, which really is not an argument—it is built upon the fortuitous circumstances of the moment—will fail to be ready to the tongue of the objector to Nationalization. His analogy to the telephones has no bearing upon the ideal of national service. It is merely using a set of circumstances brought about by the War condemning a great policy long before it has had a fair trial under normal conditions.

As a matter of fact, the telephone trouble will be obliterated pretty soon, since £2,000,000 per year has now been allocated to this special work.

The same answer is provided to those who complain that the service to-day is not as good as it was. The truth of the matter is that the staff is not as adequate or as efficient as it was because the War took away so many of the operators. For one thing the number of calls in London alone has risen from under a million

## The Red Light on the Railways

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in 1918 to a million and a quarter in 1920, and on top of this there is a staff which has not yet had sufficient training and experience to handle this enormous volume of work. At the beginning of 1915, according to a statement made by the Post Office officials, only 4 per cent. of the telephonists in London had less than six months' experience. The position since the peace is that the average proportion has been about 25 per cent., and in some exchanges more. And even a person who has had six months' experience, however good she may be up to a certain level, breaks down when what is called an extra load during the rush hours is put upon her. It is only the real expert operator who is ready for these big emergencies—the necessary ability can be gained only after a long apprenticeship in the school of experience.

I think these facts, though they admit a deficiency in our system, entirely refute the suggestion that, because at the moment our telephones are not as good as they might be, Nationalization is a bad thing.

Happily, this can be proved by facts. It is not mere theory. There is the case of

## Objections

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Sweden. In that country you may see in operation what is without doubt the most efficient telephone service in Europe. In proportion to its population it possesses more instruments than any other country. Practically everyone has a telephone at their right hand. More than this, it is technically superior to the majority. Other countries repeatedly have adopted Sweden's improvements, following where she has led. She it was who first introduced the system of cement tubes for underground cables.

Figures carefully compiled give an average of less than five seconds as the time taken to "get through" on the Swedish exchanges—even the largest of them—and on the latest built exchanges even this time has been reduced by half. We who wait and fume and complain in England when we use our 'phones must stand amazed at such remarkable results.

Yet the Swedish telephones are State owned! They have been organized and built up under the system of Nationalization. If they can do it, so can we—and we shall. Just as Japan and Germany can nationalize their

## The Red Light on the Railways

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railway systems with the successful results both those countries have attained, so surely can we, for of all countries surely none is more adaptable to a unified system than ours, where distances are relatively short and population so centralized.

This is a suitable place to take up what is probably the most quoted "reason" against Nationalization of the railways—the N.U.R. strike of 1919. It must be mentioned here because that upheaval is made the excuse to assert that when the Government are in charge it cannot prevent industrial strife and that public inconvenience which a disruption of the service occasions.

The reader has already been shown how little the Government ever had to do with the actual working conditions on the lines. They were never the employers of the railway servant. It never came within their knowledge or jurisdiction as employers whether the conditions of the service were right or wrong. They had merely said: "We shall take possession of the railways so that we can be sure our troops and our guns can be moved as rapidly as possible. Everything else must be subordinated to that."

## Objections

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It was not for them to see into wages and balance them with cost of living and so on. At least, it did not come into their province until the affair became one of public importance, just as they—the Government—become concerned when a strike is threatened by the miners or engineers or the transport workers or any other body who, by such strike, threaten the public convenience and security.

As my readers well know, I have never hesitated to counsel peace when I have considered it has been peace with honour. I have gone so far as to send in my resignation to the N.U.R. when I have felt my convictions guiding me one way and have been told the members of the union were tugging the other. I will have nothing to do with wanton strikes. While I recognize and emphasize my conviction as strongly as I can that the strike is the least powerful weapon upon which the worker has to rely, and I would support it unflinchingly if I considered injustice was insufficiently appreciated, I aim, and the most serious-minded of my Labour colleagues aim, at revolution through the ballot-box. The strike has played its part—a worthy part—since only through that



## The Red Light on the Railways

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weapon, whether used or only threatened, have some employers been brought to anything like a sense of their responsibilities to the worker.

I trust we are passing beyond that phase or that soon we shall be beyond it, but at the moment the point I feel called upon to make is, that whatever the rights and the wrongs of that 1919 strike may be, or for that matter the threatened strike of 1916, it has no bearing at all either way upon the question of Nationalization. It was so simple for the scoffer to say: "See what State control does." My answer is: "Let us see what State ownership will do."

It will put a new spirit into the undertaking. It will see beyond mere profit-making. It will say not "Does this pay?" but "Does this make for a good service to the public?" It will be able to take long views both in its constructions and its schemes, but also in its treatment of its servants. The stepping-stones will be laid from the lowest to the highest ranks. This is important. Those who represent the workers in the management will see that appointments do not go by privilege and

## Objections

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influence, but by application and merit. There is too much influence at work to-day. If you are going to get the best out of a man, the best must be open to him if he can achieve it.

And the new era will see the railways taking a part in the business of garden suburb building and in the development of our agriculture. Organize the transport, and you organize the country to produce its best and get the best out of its productions.

The strikes referred to have no bearing upon these ideals. They provide no test of national ownership. Nor, I fear, do many other so-called reasons given against the scheme we advocate.

The War period is no criterion at all. Apart from the fact that there was no actual ownership and no real management, we have to remember that the complaints that were levelled against the service in that time were due entirely to the fact that everything was being subordinated to the prosecuting of the War. Engines and trucks, and even permanent way, were being shipped to France. The workers went in thousands. The 50 per cent. on passenger fares, you will recall, was not put

## The Red Light on the Railways

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on with the idea of raising revenue, but in order to restrict travelling. Everything was abnormal; you can form no judgment from the facts—they offer no test.

Other objectors quote the army, and when I say the army I mean the red tape that undoubtedly existed in the army organization. "The man in the trenches" got what he wanted because he took it. The farther away you got from the front line the more and more difficult it was to get kit and necessities. Applications had to be signed and counter-signed, and go up to divisional headquarters and through other officials until it took a week to get an order executed, when the man very often could have walked across the road, given a chit, and got what he wanted. The enormous amount of literature, the piles upon piles of papers that all had to be signed in order to carry on the organization of the army is a very ready example at the disposal of the man who wants to show that Government control means stagnation.

Well, we did win the War, despite all red tape; and by saying that I do not wish to justify the officialdom of the War Office, and,

## Objections

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for that matter, all other Government departments. There is red tape wrapped round all our Government buildings. It is clogging them to the defeat of progress; it ought to be cut and rolled up in bits and thrown on to the scrap-heap.

But is not this the fault, not of an ideal, but of the class—the ruling class? This country is being governed in its politics, its diplomacy and its business by what really amounts to a very few families, whose sons have followed their fathers in this and that Government office and in this and that commercial house, whatever their ability and application may be. It is these people (very often effete, nearly always conservative and lacking in inspiration) who have tied this red tape about the machines of State. Influence has always been at the back of an appointment. I think, if we can get rid of this clogging of the machine, if we can oil it instead by the brains of the efficient and by the service of the genuine patriot, whether he was trained at the university or the engine shed, there will be no longer any room for saying that a monopoly on the service at once becomes bad because the Government take it

## The Red Light on the Railways

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over. It is not the fact of the Government taking it over which is wrong; it is the people who work it on behalf of the Government when it is taken over who are wrong.

In the case of the telephones you had Lord Gainford—at that time the Right Hon. J. A. Pease—at the head of them. He quite openly and frankly declared (after he had retired from office and become a peer of the realm) that he did not believe in national ownership! It is too appalling for words! How *could* one expect success under the guidance of a man who did not believe in his job?

Just the same with the railways. If the present governing class are put in control they will probably tie red tape about the wheels of the railways until they are slowed down to mere inefficiency. If the same measure is applied to the railways under State ownership as is applied to the present railways, you are not going to get an improved service; you are going to get a worse one, perhaps because the ordinary laws and incentive of competition will not operate. But we do not want peers of the realm running the railways if the State takes them over. We want railway men. I do not mean just railway

## Objections

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workers; I mean men who understand the railways, who have experience in them, and who, also, have a desire to serve their country in this matter, and not to serve merely their own pockets.

Again, the average man, an amateur in economics, applies one test to an undertaking that is State owned and another if it is worked for private profit.

It is a fact—and let it be put on record—that the railways under State control, of the immediate post-war period, were the very last to increase their charges. While the price of this and that was doubling and multiplying itself four- and five- and six-fold, the freights on the railways remained the same until very recently.

Look at the difference in the shipping freights—the shipping lines are privately owned—and you find that they had gone up 6-7-800 per cent. at the end of the War as against the beginning of it. And the cost of labour and coal and materials was just as much increased to the railways as it was to the ships, but because the railways in 1919-20 showed a deficiency of something like £45,000,000 it is held up as

## The Red Light on the Railways

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an example of the failure of Government handling.

But you never heard a word said by those who object to national ownership about the additional profits that were made by the shipping lines. Is it not better for the Government to subsidize the railways to the extent of £45,000,000 than for the public to pay, shall we say, £450,000,000 to swell the profits of a certain number of private persons? Which is the cheaper?

Then you have Sir Hugh Bell, a railway director and a colliery owner, who argues that no price offered by the State would tempt him to sell the railways. "I do not believe," he says, "that the State would be able to pay the price which the railways are really worth. If less is paid, I am by so much defrauded. If it pays more, the railways will become a drag on the revenues of the State. In any case, to place the administration of property of such magnitude and of such vital importance to the community under Government control is to run the risks of a kind no prudent man would accept." He unhesitatingly selects the private ownership, and he goes on in this speech to point out that wages and fuel and stores, rates and taxes, have

## Objections

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all risen and must be paid. There must be a surplus out of which to pay dividends.

Dividends—there's the rub, my friends. That is his chief concern. I am afraid this gentleman is voicing the average view of the interested party. He is not working for the good of the community. He is arguing entirely for the good of himself and his class.

I enter the strongest protest against the argument that the State, taking over such an undertaking as the railways, would become but a brake upon the service. I believe, on the contrary, that we should have twice as efficient a service at infinitely less rates. For one thing, we should enormously develop electrification of the lines.

There can be no doubt that there must be in the near future serious consideration upon the subject of electrification. Personally, I do not think that we shall electrify the lines for long distances; for the 100, 200 and 300 mile runs steam will still be the motive power. But there is every reason and justification for the policy of electrification being pursued in all the shorter and chiefly suburban services near the large towns and cities.



## The Red Light on the Railways

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Anyone who has any knowledge of the old District Railway, with its atmosphere of smoke and sulphur, will appreciate the change. But not only that—though the comfort of the traveller is the first thing—the electric service will be found to be, in the end, cheaper. I remember Yerkes, the great railway authority, pointing out to me many years ago that, in his opinion, the short-distance travelling of the future must be by electrified railways, and that the cost would be reduced by 50 per cent. In this connexion, of course, the scheme of generating electricity in bulk, and not like the present method, is an important factor.

I have been re-reading the report that was issued by the Reconstruction Council on this question of electric power. They say :

“ The generating plants should be large, and erected on sites where water is plentiful and transport facilities good or fuel close at hand. The sites must be ample, so as to allow not only for the large subdivided generating stations, but also for the ancillary purpose of erecting plant for electro-chemical processes which have not yet been developed in this country.

“ As regards distribution, the essential con-

## Objections

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ditions of economy are that each district of electrical supply under a single authority should be a large area, with the greatest possible variety of electrical requirements and including populous centres of industrial activity. All these requirements should be provided for by means of an interconnected power distribution system, tapping all existing sources of power, such as waste gas and heat, and delivering electrical energy wherever it is needed, thus making possible the use of much coal now wasted or left in the pit because it will not stand transportation.

“Both as regards generation and distribution, it is essential that the whole system should be subject to the general supervision and control of a single body of Electricity Commissioners.

“To realize these conditions a comprehensive policy for the whole country is necessary, and, fortunately, such a policy is practicable in this country to a greater extent than elsewhere on account of the compact nature of our industrial areas and their close proximity to each other. But the Sub-Committee feel that they must draw special attention to the necessity of the

## The Red Light on the Railways

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policy being national in character, because, as the Report shows, the historical development of electrical supply in this country during the last thirty years has been local in principle and character, and the resulting position will have to be superseded."

Here, indeed, is authority (the sub-committee was presided over by Lord Haldane) for a unified system. And if a unified system, why not a nation-owned one? There are to-day over six hundred authorities of one sort or another generating and supplying to the public electric power. It is commercially uneconomical. The result is that the stations are rarely of more than 5,000 horse-power. They ought to be 50,000 to be really economical and efficient. This spells waste of effort. It has been authoritatively computed that if the electric supply in the United Kingdom were handled comprehensively by these big central stations of high power there would be a saving of 55,000,000 tons of coal a year on the normal output of manufactured goods.

But, of course, the point that concerns us more directly here is that with these big power plants we should have at hand the means of

## Objections

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electrifying the railways, wherever it was found expedient, at the lowest possible outlay.

A conspicuous example of the necessity of such central stations is to be found in the fact that because such a one was not available in London recently there have been the following additions to the twenty-one previously existing for the purpose of electric railways :

	Kilowatts.
London and South Western Railway	
(Wimbledon)   ...   ...   ...   ...	25,000
Loth Road (Chelsea)   ...   ...   ...	63,000
Central Electric (Grove Road)   ...	22,000
Metropolitan Railway Company	
(Neasden)       ...   ...   ...   ...	25,000
Metropolitan Electric Supply Com-	
pany (Willesden)   ...   ...   ...	21,250
London and North Western Railway	
(Stonebridge Park)   ...   ...   ...	25,000
Central London Railway (Wood Lane)	7,500
Great Western Railway (Park Royal)	6,000

all within four or five miles of Hammersmith.

But we must not have this power under any other than national control. The two undertakings surely obviously go together and should not be used as a means of private profit.

## The Red Light on the Railways

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These important considerations omit much other benefit that would be part and parcel of the scheme. Industry would get its power at cost price, and every house in the country might have its heat and its light without paying the price which now is charged because of the lack of co-ordination and comprehensive effort.

## CHAPTER VII

### EXPERIENCE

THE principles which I have outlined are within the realm of practical politics. They are not merely the idle chatter of the romantic dreamer. They have been reduced to facts and figures. They have been passed by the brains of the thoroughly efficient economist. The Labour Party is not a harum-scarum club of erratic folk each with a bee in his bonnet pursuing a will-o'-the-wisp into a sort of Never-Never Land where nothing matters because it is outside the bounds of everyday experience.

When we talk of Nationalization we do not talk merely of an ideal. We can see the principles of it translated into the debit and credit side of a ledger account. It is not mere argument that the railway can be taken over by the State and run by the State. It is a business deal which can be arranged without very much difficulty and without requiring any super-genius to carry it through. It lies, so to

## The Red Light on the Railways

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speak, within the scope of the average day's office work.

I know, of course, that it is thought by many that such a scheme as the nation taking over the railways is so much hot air, that it is an election cry, that it is a sop thrown to the crowd of manual labourers in order to get their votes upon the occasion of an election. I myself, if I accept the cynical criticism of some voices, have these aims put into our programme merely because I must keep my job. It is a pity that personality should come and interfere with the question of principles. There was an occasion not so long ago when I felt so strongly upon a certain subject that I was prepared quite earnestly to relinquish my job rather than depart from my opinions. I mention that in support of the statement when I say that it is not in any spirit of axe-grinding nor with any motive of office-bearing that I, and other men in the Labour Party, put forward the national control of the railways (among other monopolies) as an integral and inevitable part of our political faith.

And to those who think it is perhaps a very pretty but very stupid and impossible thing to

## Experience

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attain one must mention the experiments that have been made in other countries upon somewhat similar lines. We will, in a concluding talk, consider the national railways in various parts of the world. In doing that, however, though they have very many interesting lessons to offer us, and though we shall, no doubt, when the time comes, be able to use their experience much to our own benefit, applied to our own problems, it is necessary to remember that no other country offers an exact parallel with our own in regard to railway matters. The conditions under which railways are run in other parts of the world do not tally with those under which I propose our railways should be run.

Where the railways are under State management in other countries they have many considerations to serve. The countries are larger, the populations are more spread out, the roads between the big towns are longer—all these things make an immense difference in revenue; and in addition, particularly in the case of Germany, some of these national systems have been built with a military rather than a commercial object.

Germany's system was indeed wonderful.



## The Red Light on the Railways

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I suppose it is correct to state that had France possessed anything like the network of railways that Germany possessed a good many thousands of lives would have been saved to the Allies and the War would have been over a good many months before it was. Our arms were terribly crippled by the failure of the railway organization that had existed before the War and by the fact that what was really necessary for the conveyance of stores and munitions, in the way of permanent way and rolling stock, had to be improvised as the weeks and months went by.

Though Germany had a system of railways which was eminently successful, and which gave efficiency and cheap service to the inhabitants, it was not nearly as successful as it might have been if a good deal of work had not been considered necessary to be undertaken, not with an idea of serving this or that district, but solely with the object of serving any military emergency that might arise. As a nation, of course, we know they were entirely justified in looking to this eventuality. We know as a fact that they had planned for this eventuality, and part of the evidence that shows they had anticipated and plotted for the War that broke

## Experience

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out in 1914 lies in the remarkably adequate system of railways they had built up along their frontiers.

These considerations at the same time make it difficult to look upon the German system as an example of what a nation can do for its people as the owner of its railways. We can do far better than the Germans have done. We do not have to build lines over deserted country because of some possible military use the lines may have in an indefinite future.

On the other hand, also, under a unified system we should not build lines like the one the Great Central built from Marylebone to Leicester, which was very costly and which, going through a good deal of empty country, was really not required. There was in existence a very good alternative route, and the wasteful one was merely built by way of rivalry.

Whenever we look upon any other system we find some local consideration which in a way spoils that system as a completed example of what can be done. We must not, therefore, attach too much weight to any other country's experience. No other country has exactly the same problems or the same conditions, and I

## The Red Light on the Railways

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do not think that anywhere in the world can we find anything that would be at all a close parallel to what the national ownership of the railways would be in this country. It is, for instance, only in the United Kingdom that railways have been entirely and exclusively built and worked by private capital without any sort of Government assistance. Switzerland is the nearest approach to that system of complete detachment, but in most other European countries—Germany, Austria, Italy, Holland, and Belgium, for instance—though there has been quite a considerable amount of private capital invested in the construction and the running of certain lines, the States have always had their fingers in the pie, and while guaranteeing in some cases dividends, and while in others advancing into private hands capital for new construction, have been able to maintain a certain control upon the working of the lines and the fixing of fares and freights.

Even France, our nearest neighbour, has shared the cost of construction with the companies; and the State has its own railways too, though these are second-rate to the big trunk lines.

## Experience

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The Russian State has been a great railway builder, and so also have been some of the younger countries, such as Australasia; and even where the individual has had a pretty free hand, as in America and Canada and the Argentine, the Government has come forward with grants of land and has made concessions especially to encourage railway development.

I mention all these points to justify my statement that it is difficult to compare this tight little island of ours with other countries, where, in the main, you have far-thrown tracts of land offering entirely different problems from our own.

I said a little while ago that railway construction in Switzerland had more nearly resembled our own system than had that of any other country, but even though there private enterprise entirely built the railway systems, the nation, so long ago as 1901, realized that it was to its advantage to own the lines, and between that year and 1909 it purchased them.

Germany's railways are not nationalized. They are really run on the system of local government—that is, before the War it was not the Empire, but the various States, that owned

## The Red Light on the Railways

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them. Some of the lines in these States were built by the authorities, but by far the majority had to be purchased, and it really does seem strange that we in this country have not the initiative nor the éommercial and political courage to take a step which Prussia took, or commenced to take, as long ago as 1882.

Looking into the Prussian system, it is interesting to notice that there was never any trouble about the purchase. Though the State had very arbitrary powers, all the purchases were made by mutual arrangement, and the powers of compulsion never had to be brought into operation. This system of public ownership has been a financial success. It was able to show a return upon the capital, though, of course, from my point of view, I think it better that railways should not show profits, but should yield instead efficiency and cheapness in service. It was, as a matter of fact, the original policy in Germany of giving back the profits to the public by way of lower rates and increased facilities, but this was recently abandoned, and profits became a source of special revenue. I do not know that it matters very much one way or the other. The public get the benefit,

## Experience

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whether by decreased taxes because of increased revenue or by better fares and goods charges.

What, it seems to me, ought to be obvious to the average reader is that this profit—and it should amount at least to 7 per cent. on the capital invested—ought never to go to the private investor. It should go into the public purse. There are some, I know, who will laugh and who will shrug their shoulders at that 7 per cent. figure. I know very well what the returns upon railway investments are to-day. They are not very high. Upon present working they are not good investments. But I also know what the return might be if we could eliminate one-third of the overlapping and waste to which I have referred earlier in this book, and in stating that it might be very much higher than 7 per cent. I am only putting into that particular business form the amount of benefit which would accrue to the public if the nation were the proprietors.

One of the most successful of the nation-owned systems is that of Belgium. Even here the early lines were constructed by private capital, concessions were given to companies; but it was as long ago as 1870 when the

## The Red Light on the Railways

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Government woke up to the fact that they ought to own the lines, and they thereupon commenced to buy them out. The method of purchase they have more recently adopted out there is the annuity system. This is the policy of paying shareholders over a term of years a certain income which yields not only a certified interest upon the money they had invested in the railways, but also a part payment upon their capital. In time the investor not only gets a return upon his money, but he gets all his capital back again, the railways then becoming the absolute property of the nation.

In Belgium it is a fact that, as the Government gradually acquired the lines, rates were reduced, both of goods and passenger traffic. Yet, despite this, the receipts have always remained high enough to meet all the charges that the purchase put upon the concern. Here is a small, very concrete, example of what can be done, and what very easily will be done in this country one day when either a Labour or some other Government decides to take over the railways and run them by experienced business men and not by mere politicians. That, of course, is a very important point. I have no

## Experience

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doubt the permanent officials in many branches have done very well, but we must have railway men to run the railways when they become State-owned.

All over the world to-day one can see the tendency towards the public acquiring such services as this. Most of the Governments have had sufficient foresight to put conditions upon their concessions, and have retained unto themselves the right of purchase after a period of years. We in England have never done that. Yet in our own dependencies such a system has been followed. In India the scheme was to make certain guarantees to the companies—that is, an assured interest on the amount of capital put in. Practically all contracts that were made gave the State the right to purchase, and it is a fact that to-day, with one exception, all terminable contracts have been terminated, and the country is now itself the legal owner of all those railways where interest on capital is guaranteed, though a certain portion of the capital remains in the hands of the companies.

Even Japan, not so long ago almost mediæval in its customs and manners, has in its strides towards Western civilization gone



## The Red Light on the Railways

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ahead of us in this matter of railways. To-day it owns practically all its lines, and they are most efficiently worked, redounding to the credit of the Government and the benefit of the community. This system is so compact and has enjoyed so long an experience that it is worth looking into with some closeness.

Its experience spreads over twelve years or so, and though in many ways it radically departs from our own situation, yet it offers complete proof that nation ownership tends, or can tend, towards improvement and economy in service.

For one thing, Japan had the foresight to take a hand all along the line in the development of the railways. As a matter of fact, the Government laid the first track ever put down in the country, and had it been able to finance them no doubt it would have gone on and built all that were needed. It would, indeed, then have possessed a perfect, I mean a model, system. But the Exchequer could not face the cost, and so private money was invited to carry on what the State had commenced.

But this was always regarded by the statesmen of Japan as a merely temporary expedient,

## Experience

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and the notion of a complete and completely State-owned system was never out of mind. Therefore we find that wherever a concession was made for a railway to be built by private enterprise, there was always the provision in the contract that at some given time in the future the nation should have the right to purchase it. Not content with this, the right of ultimate ownership was emphasized in every subsequent law that governed the working.

Japan did not reach the idea without a fight, and we take courage from the fact. There are always interests to be beaten down, and there is always a struggle before one can stir the lethargic person into a sufficient enthusiasm to record his vote in favour of reform. Three times in Japan were bills presented for the Nationalization of the railways, and twice were they rejected. I have no doubt that in the final instance the military interest went some way to obtain the change, for it was at the conclusion of the struggle with Russia that the scheme at length went through. But there was also the urge of an awakening national spirit; trade was expanding, and the Treasury was able to make the experiment. Those who had all along

## The Red Light on the Railways

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planned for the national lines saw the fulfilment of their ambitions.

It had been slow work. Many financial crises had intervened, and not a few of the private companies who had built railways had got into money difficulties. Again, the war had held everything in suspense. But, unlike this country's history, the record of railway development in Japan from the start and all through was one of linking up and laying the foundations for the unified system that in the end resulted, in 1906.

I have had the opportunity of looking into the records, and I think it of value to set down here what the authorities at that time described as the benefits accruable from the adoption of the new order.

These are the terms :

1. Systematic operation of trains, through train service, freight and passenger rates based on a unified tariff, and simplified traffic arrangements will combine to promote the efficiency of the service and consequently bring about the increase of net revenue.

## Experience

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2. The unification of rates on through traffic will result in the reduction of rates.

3. The standardization of permanent way and equipment appliances will permit the communal use of materials among the various lines, on the one hand, and, on the other, will promote the development of the industry for the supply of railway materials.

4. The consolidation will introduce immediate economies estimated at 1,819,000 yen a year in consequence of the reduction of salaries paid to the higher officials and the general and account office staff, by the elimination of all expenditure required in the handling of joint traffic business, and further, as a result of eliminating the duplication of provisions and plants, and the reduction of approximately 50 per cent. of the stores kept in stock, and lastly, by the unrestricted flow of vehicles throughout the system.

Here are all our own points. These are the reasons, or many of them, why some of us to-day say with all the force we have that the community in this country too should own the

## The Red Light on the Railways

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railways. We are told so often that it is only a political "stunt," that it would not do, that under Government control the railways would never be any good. Well, Japan has sought the same object, and, having attained it, Japan knows just how far these things are realizable.

Well, the chief of the State railways of Japan was in my office quite recently. I made it my business to find out how far success had followed these pioneers. He assured me—and the figures assured me too—that the State venture into railway-running had been an unqualified success and had played no small part in the present prosperity of the country.

The cost of running, coal and oil, etc., has been enormously reduced, and general expenses—which under diversified ownership accounted for 8.3 per cent. of the total—have diminished to 2.6 per cent. under the unified system. In fact, practically every estimate of saving has been more than realized, while at the same time the service has been extended and improved.

This matter of extensions should interest us. In England and Scotland there is no plan. One company thinks it will pay to build a line

## Experience

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here to there, to duplicate this or that service. The public have to wait for the private directors. These gentlemen cannot be made to do it, and, quite naturally, they do not precede a demand—they follow it. Japan, with the lines her own property, has been able to think ahead. A year or two ago it evolved what is known as the “seven years’ plan.” This provides for the revenue to pay for work which will be required during this period, so that it can go on despite any fluctuations in the sources of revenue or any financial crisis whatever.

The price of the railways was estimated on the profits and the cost of construction, and was originally arranged to be paid within five years by 5 per cent. loan bonds; but subsequently this was altered, and this change is worth noting, seeing it bears out what I have already said as to the desirability of a quick transfer. In Japan the provisions of the Railway Law gave some of the companies an incentive to start work on the lines, because any sum thus spent was, upon purchase, to be compensated for. In less than a month after the Bill to nationalize had been passed there had been an outlay arranged on these lines of over twelve million yen, which

## The Red Light on the Railways

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would have meant an indemnity of some thirty-three million yen.

At the same time—such is human nature—companies, new ones, the purchase price of which was to be decided by mutual agreement, were totally disinclined to spend anything on fresh work or maintenance, repeating the position that was created here before the country became possessed of the telephones. It was further apprehended “that these companies might lose the spirit of competition for increased business, and might at the same time, even at the expense of the efficiency of the service, resort to practices calculated to bring them immediate gain.” Thus the period of payment was reduced to one year instead of five.

The first thing the Government did upon acquiring the lines was to reduce fares and freights. Here is a point for the business men of this country. Present fares and freights are not necessary. They are compulsory as things are run at present.

I should wish it to be understood that I am not decrying the British railways. That they are in many ways excellent was abundantly proved during the War. The amount of

## Experience

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munitions and guns, the vast armies of troops, that were carried without mishap or material delays is an undying testimony to the efficiency of the railways' staffs. It is not the details of working that are capable of any great changes towards improvement; it is the system that is wrong—all the overlapping, the waste.

The success of our railways to-day is in spite of the methods of management, not because of them. Unify them, bring the network into one hand, so to speak, and present achievements will be multiplied.

Shall we say a quarter of the earnings of our railways goes in wasteful working in one form or another, as I have already outlined? The logic of that is that by unification we could immediately decrease rates by 25 per cent. In Japan, during five years, rates were reduced after Nationalization by 14.4 per cent., yet the aggregate earnings increased year after year, realizing in 1916 an increase of more than 52 per cent. as compared with 1911. "The improvement," the report of the railways department says, "was undoubtedly partly due to the general development of industry and commerce, but the operation of cheap fares is



## The Red Light on the Railways

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believed to have played no small part in bringing it about.”

There is this, too, worthy of consideration. Since Nationalization the Japanese have gone ahead in new constructions where no private enterprise would have ventured. Remarkable engineering difficulties have been overcome in order to push out lines to parts that would have remained unserved and consequently largely undeveloped. Business and prosperity depend upon the railways of a country, and Japan has spent large sums in construction which would not have paid a private company but which inevitably in the end must pay a country.

That is the bed-rock of the whole argument. *What is the motive?* Is it to build up large profits, or is it to serve the needs of the population? Should our chief consideration be: “Does it pay or will it pay?” or should we think first, “Is this for the nation’s good; will it serve a public need?” Surely the citizen who has any other than purely selfish motives must answer that the requirements of the community—cheaper transit, cheaper coal, cheaper food—must stand before private gain at the

## Experience

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cost of general cheapness. A liberal policy, not a conservative one; progress, not retrogression.

The moment has come for settling this matter in England. There are, alas! obstructionists, reactionaries, who have their own ends to serve. We have to defeat them. I believe that can be done in the near future through the ballot-box. Let them prate of Bolshevism; let them assert that those who are working for this reform are in reality working for the overthrow of our Constitution. It is gradually becoming apparent that these thoughts are in the minds of a very few hot-heads. The arguments are getting threadbare, and then the public who vote, who take an intelligent interest in the country's affairs will see that such proposals as this I have endeavoured to put forward have the chapter and verse out of the book of sanity and earnestness behind them. You will turn the leaves of the Book of Revolutions in vain to prove me insincere when I say that the public good is the ultimate aim of Nationalization, the public good which includes the good of that section of the public which runs the services to be taken over.

In this connexion the men want justice—no

## The Red Light on the Railways

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more, no less. They naturally are restive when they find their wages insufficient to meet the week's household bills, and yet see all around them in their jobs waste going on apparently without heed, when they and those who lead them have thought out a scheme to save this colossal waste. They are wise enough to know that this red light that shines—the signal up against progress—stops prices of commodities coming down. “Oh, yes,” say some, “it is all very well to talk of prices coming down and then asking for higher wages.” But I know that if economy and unification were realized on the railways of this country any wage demands the workers on the lines put forward would be swamped by the savings that could be made, to say nothing of the benefit to every person in the land owing to the resultant reduction in prices of commodities.

There is no purpose served in labouring the point. The case is clear. But what the reader may not realize is that it is really urgent. Very soon we shall have de-control, unless new regulations are adopted. It is unthinkable to me that we should go back to the pre-war conditions. But, then, it is unbelievable to me that we

## Experience

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should not go ahead and take hold of these lines of ours and run them as they should be run—for all, and not for just a few. Yet there is a powerful section of those responsible for our government that is dead against it. And I fear there is a section, too, in favour of reaction, swinging back to the bad old days under infinitely worse circumstances. Are the present rates to stay, a millstone round the neck of industry, a serious drain upon every traveller's pocket?

Or shall we see the light go green, and know the way is clear to reform, which will lead to prosperity?

## CHAPTER VIII

### THE COMING FIGHT

AT the moment that practically all proofs of this book are already passed for press, the Railway Companies' Association has sent an important letter to the Minister of Transport defining the attitude of the railways to the proposals which are contained in the Government's White Paper as to the grouping and other matters in the future conducting of the railways.

The Association agree that grouping on the basis of co-operation is right in principle, but they suggest the following alternative scheme :

Group No. 1.—London and North Western, Midland, Lancashire and Yorkshire, North Staffordshire, Furness, Caledonian, Glasgow and South Western, Highland.

Group No. 2.—Great Central, Great Northern, Great Eastern, Hull and Barnsley, North Eastern, North British, Great North of Scotland.

## The Coming Fight

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Group No. 3.—Great Western and Welsh lines.

Group No. 4.—London and South Western, London, Brighton and South Coast, South Eastern and Chatham.

Group No. 5.—London railways (local lines).

This alternative grouping does not materially affect anything that may be in Labour's programme, because what we stand for is the complete control of the whole by the Government of the country.

But there are other points in their proposals to which I feel I must make some reply. Most important of all these points is the fact that "they are unable to acquiesce financially, and will strenuously oppose any suggestion of the workers elected by the workers specially appointed to the boards of management." They consider this proposal unjustifiable, wrong in principle, and objectionable, and one of the chief points that they raise is that it would result in a breakdown of discipline.

This wholesale condemnation is one point I would immediately strike out, and the second is the strong hope that they express that there

## The Red Light on the Railways

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will be no change in the existing arrangements until 1924. In other words, whilst they believe that the property of the railways is the shareholders', and that the hundreds of thousands of men who work the railways should have no voice other than being mere hewers of wood and drawers of water, they ask that the shareholders' dividends shall be guaranteed for another period of years. I can imagine many other undertakings in this country being anxious to make a similar deal.

A very curious thing is that those responsible for these statements appear to have learned nothing from the War. If they would only look abroad at what the War has brought in some other countries, they would see how much more balanced Labour has been in this country than, perhaps, in any other. They would then, I think, be prepared to realize that the workers of this country are capable of understanding and being entrusted with responsibilities. Russia has gone from one extreme to another. Italy, too, has provided evidence of how hysteria can enter into political ambitions. We do not want Russian methods in this country, and surely it is a natural concomitant, if Labour is to use its

## The Coming Fight

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power wisely and well, it must be trained to responsibility and given the opportunity to exercise it.

Will such opening lead to a breakdown of discipline in the ranks of Labour? I have no hesitation at all in totally denying the likelihood of this eventuality.

Not many years ago, when the railwaymen were working for recognition—the right for their elected representatives to meet and discuss in a collective way the men's conditions of service with the employers—we were brought to the verge of a strike by the answer which was given by the same people, that the rights of the travelling public would be in jeopardy because of the breakdown of discipline among the railway workers. That is what they thought then. They are thinking the same to-day—putting forward an identical argument in order to stop progress. Recognition, as we all know, has since been granted.

Is there anyone who would suggest to-day that, in consequence of the railway managers meeting trade union officials, accidents on the railways have increased? The contrary is the case.



## The Red Light on the Railways

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The history of the railways proves, to my mind, that if you invest the workers with a sense of responsibility they are more anxious to detect and punish, and guard against abuses, than to use their opportunities for personal slackness.

I prefer to view the question from a higher standpoint. Here we have two trains of thought. One suggests a class war, a seeking to eliminate one class—to exterminate the capitalist, wipe him out of existence. That, to my mind, is not desirable, and is not possible except by bloody upheaval, which all would deplore.

It seems to me to be as fair an argument to state that you cannot wipe out Labour; that you cannot trample under foot and ignore its ambitions and its rights. The one is as much a class war as the other, and I think the right solution is that Capital and Labour—especially in regard to services like the railways—should be treated as partners. If partners, then it must not be a one-sided partnership, and Labour must have its share, not only in the manual working, but in the control and management.

As I have said in a previous chapter, the

## The Coming Fight

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British public are entitled equally to a voice. Then you would have a real partnership of interests—Capital, Labour, and the Users. This is the aim with which we must be satisfied until we can get public ownership. No one would say at this moment what is likely to be the outcome. If, as I assume, this decision of the railway companies is final, I regret it. The Government evidently have other views, as outlined in the White Paper. And whilst my efforts will be directed to avoid a conflict, a profound mistake will be made if it is gathered that the last word in this matter will rest with the railway companies themselves. We are not going back to that state of things which existed before the War stirred every big social problem into prominence. That is an age that is dead; and, looking ahead in regard to the railways, we realize that they are essential to the prosperity of the nation; and while we, the workers, insist upon the co-partnership of interests, we cheerfully and sincerely state our willingness to render what we can towards making this vital service a real lever which will lift our industries to success.

To this end we shall fight.

# APPENDIX

## MINISTRY OF TRANSPORT

### Outline of Proposals as to the Future Organisation of Transport Undertakings in Great Britain and Their Relation to the State

#### RAILWAYS

##### Grouping

It is proposed that the railways of Great Britain should be formed into a limited number of groups, say, five or six for England and Wales and one for Scotland. The Irish railways naturally fall to be dealt with under the new legislation in regard to Ireland. The groups will be determined on the basis of operating economy, and all direct competition between the groups will, as far as possible, be eliminated. The groups which it is proposed to form are roughly :—

1. *Southern*, combining the South Eastern and Chatham, the Brighton, and the South Western.
2. *Western*, the present Great Western system with the Welsh lines.
3. *North Western*, combining the North Western, the Midland and the Lancashire and Yorkshire, North Staffordshire and Furness.
4. *Eastern*, combining the Great Northern, the Great Central, and the Great Eastern.
5. *North Eastern*, the present North Eastern system and the Hull and Barnsley.
6. *London Group* (local lines) ;  
and a  
*Scottish Group* for the whole of Scotland.

In each case the new group would absorb the smaller and independent broad gauge lines within its area, but railways which may be classified as "light," whether existing or future, will be wholly excluded from this grouping arrange-

## Appendix

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ment, and proposals with regard to these light railways are indicated later.

It is hoped that the amalgamation of companies in the respective groups will be carried out voluntarily ; but as the scheme depends on the amalgamations, powers will be sought in a future Transport Bill to compel amalgamations (on terms, failing agreement, to be settled by some tribunal), in any cases where they are not voluntarily completed in a reasonable time to be specified.

It is recognised that a more logical grouping of the existing systems might result if regard were had exclusively either to geographical or to operating considerations ; but the amalgamation of complete undertakings as the initial step will avoid many of the difficulties which would arise if undertakings had to be divided. It would be open to the new group companies to exchange between themselves lines which project from the territory of one group into that of another, and at a later stage it may become necessary to require them to do so.

### Management

Each of the grouped railways will require a Board of Management, and in order to secure efficiency and uniformity, and avoid undue cost, the number of members composing the Board should be limited to probably 21. The composition of the Board is considered to be of the greatest importance, and whilst in the past the directors of railway companies have all been appointed by the shareholders, the Government are of opinion that the time has arrived when the workers—both officials and manual workers—should have some voice in management.

The Board of Management should, in the opinion of the Government, be composed of representatives—

- (a) of the shareholders, who should form a majority on the Board, and of whom a proportion should hold large trading interests ;  
and
- (b) of employees, of whom one-third might be leading administrative officials of the group, to be co-opted by the rest of the Board, and two-thirds members elected from and by the workers on the railway.

# Appendix

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## Finance

The Act of Parliament should lay it down that rates and fares shall be fixed at such a level as, with efficient and economical management, will in the opinion of a prescribed authority enable railway companies to earn a net revenue substantially equivalent, on some pre-war basis to be settled in the Act, to the combined net revenue of all the companies absorbed in the group. With due care and economy it should be possible for group companies to improve on their pre-war return: but, in that event, the Government is of opinion that such surplus revenues should not accrue entirely to the companies. The State would be very materially extending the "charter" of the companies and is entitled to participate in such surplus revenues, and settlement of a suitable sliding scale to regulate their division presents no insuperable difficulty.

## Development Fund

It is not contemplated that the Government's share of the surplus revenues should be thrown into the general revenue of the country. Much development work has to be done which is beyond the financial resources of the localities, and the intention is that the Government's share of these surplus profits should be funded for development purposes, to assist backward districts, to develop light railways, and for other appropriate purposes in connection with transportation, as may be approved by Parliament in the Act.

## Rate-fixing Machinery

The financial stability of the groups on the one hand, and reductions of rates on the other, can, in the opinion of the Government, only be assured if there is adopted a procedure for fixing rates which, whilst being flexible, will command the confidence of railways and traders. The Statutory Rates Advisory Committee is now engaged upon a systematic review of railway rates and charges, the principles upon which they are to be fixed, the machinery by which they shall be governed, and the Committee's reference will later be extended to cover fares.

The machinery for dealing with the railway rates and charges of the country is generally admitted to rest upon an unsatisfactory basis; but it is hoped to place the whole

## Appendix

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system of rates and charges upon a sound footing after the Rates Advisory Committee has reported.

The first object of the revision will be to secure financial equilibrium to the railways of Great Britain as a whole, and it is anticipated that, having regard to the size and diversity of traffic conditions in each group, the revision in aiming at this result will also secure an approximate equilibrium within each of the proposed groups. If, however, revenue were not obtained at least equal to the basic revenue agreed upon, the procedure contemplated is that the Rates Advisory Committee—or whatever body may be appointed to exercise its functions—should be asked to consider modifications in the scheme and to make recommendations to the Minister as to-day.

It is not possible at this stage to indicate in detail what machinery should be set up for dealing with appeals from traders on railway rates. The Rates Advisory Committee is conducting an exhaustive inquiry, and the Government must await their report before it can embody any proposals in a Bill.

The Government does not propose to give to the companies any financial guarantee. It proposes to set up a flexible rates machinery, which will enable appropriate charges to be levied, and to leave the railway companies to rely upon this machinery for the maintenance of the financial position of the groups at the level agreed.

The earnings of the companies must, of course, be subject to the normal fluctuations of traffic and to the express stipulation that the undertakings are being managed with due care and economy. This stipulation is considered essential to the protection of the public; but, on the other hand, it is proposed to grant to the companies a right of appeal to a judicial tribunal if the Minister of Transport refused, upon their application, to put the machinery for revising rates in motion.

### **Wages and Working Conditions**

It is proposed to provide by the Bill for a permanent machinery to deal with questions of railway wages and working conditions, on the lines of the two Boards which have been established temporarily by agreement, namely, the Central Wages Board, consisting of equal numbers of managers and men with an appeal to the National Wages

## Appendix

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Board, consisting of four managers, four men, and four users of the railway, with an impartial chairman.

### **Future Powers of the State in Relation to Railways**

It will be proposed to confer certain powers upon the State in relation to railways. These powers may be conveniently grouped under the following headings :—

- (a) For the protection of the public.
- (b) For the economical working of the railway systems of the country.
- (c) To safeguard national interests.

#### *(a) For the Protection of the Public.*

(1) The State would have the right to require adequate services and adequate facilities, including minor extensions in the geographical area which it is proposed to allot to each group company. A group company should, however, have a right of appeal to a tribunal to be prescribed if it contends that the requirement involves a capital expenditure which would seriously interfere with its finances.

(2) Subject to the same right of appeal, the State should have power to require alterations, improvements, and additions necessary for public safety.

#### *(b) For the Economical working of the Railway Systems of the Country.*

(1) In order to obtain the best standards of permanent way, rolling stock, plant, and equipment which are necessary to secure the financial returns to the groups and yet keep railway rates as low as possible, the State must (subject to a similar right of appeal by the companies), have the power to impose such standards.

(2) The State ought to have the right to require co-operative working, including granting of running powers, common user of rolling stock and facilities on equitable terms, the pooling of traffic and receipts where competition is causing waste, and the common user of workshop and manufacturing plant.

(3) In order that the public may know, and the Government be in a position to judge of the working of the railways, the Ministry should have full power to prescribe the form of accounts, to regulate the manner in which they are compiled, and to require the compilation of such statistics

## Appendix

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and returns as are, in the opinion of the Minister, necessary, with a right of inspection.

(c) *To Safeguard National Interests.*

The railways should be required to submit for approval their proposals involving capital expenditure and also their plans for raising capital required.

It is necessary in view of the fact that the State is to provide machinery for adjusting rates intended to produce a certain net result, that the State should approve, and if necessary, have power to require, adequate reserves for depreciation and renewals to be made before dividends are issued. This again should be subject to a right of appeal to the prescribed tribunal.

### LIGHT RAILWAYS

It is proposed to exclude light railways from the grouping arrangements. Light railways must rely largely for their prosperity and development upon the goodwill and assistance of the main-line companies in whose districts they lie. It is essential that the main-line companies should have no grounds for fearing competition from an ambitious light railway company, or combination of light railway companies. It should, therefore, be provided that where a group railway can prove to the satisfaction of the Ministry of Transport that the light railway is changing in character and is, in fact, becoming an ordinary railway, or is competing for main-line traffic, the group company may absorb the light railway on fair terms, and make it a part of its own system.

In so far as traffic for which transport facilities are required justifies the provision of standard gauge lines operating more or less under the same conditions as lines owned by main-line companies, the Minister should have power to insist that the group companies should provide the lines which are necessary. Different considerations apply to light railways, i.e. lines of much lighter construction with less onerous conditions of operation attached to them, constructed wherever possible along the verge of roads and subject to less stringent regulations than is the case with regard to normal railways.

The construction and management of light railways of this description should be in the hands of separate undertakings.



# Appendix

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If this means of transport is to be developed for the benefit of agriculture and other industries, the State must encourage private enterprise or local authority enterprise by some financial assistance in the construction and development of light railways throughout the country. The policy of grouping light railway systems so far as possible as a means of securing economy in management, maintenance, repairs, &c., is considered wise, and experience has already shown that this can be done successfully.

It should be the policy of the Ministry to stimulate the development of light railways constructed, equipped, and worked on the cheapest possible lines. It may be found that the present procedure under the Light Railway Acts, by which powers to construct light railways are sought and granted, may require to be modified.

## DOCKS

The Government have no present intention of altering the status of the dock undertakings of the country, but some of the temporary powers conferred upon the Minister of Transport by the Ministry of Transport Act, 1919, in connection with non-railway owned docks, should, in their opinion, be retained and extended to railway-owned docks.

## CANALS

The future of canals involves questions of great difficulty and complexity. The best advice available is being sought, and the whole subject is about to be investigated by a Committee which has been set up under the chairmanship of Mr. Neville Chamberlain, M.P., and pending the receipt of the report of this Committee, the Government feel that they are not in a position to formulate a policy.

Whilst not being exhaustive the main features of the proposals of the Government are as outlined in this Paper.







